Branding Services in Mature Markets: Evidence from Egypt

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Branding Services in Mature Markets: Evidence from Egypt

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Abstract
Branding of services is a challenge due to services characteristics. It is even more challenging in mature markets. In mature markets, customers show low levels of brand loyalty, with minimum perceived differences among competing offers. All of these factors raise the complexity of branding services in mature highly competitive markets. This research provides guidance for branding services in such markets. To fulfill the research main aim, Aaker’s (1991) model of branding is extended to include variables of importance, as detected from literature, and confirmed by practitioners. Direct and indirect relationships are tested in the extended model to provide detailed guide to practitioners.

To fulfill the aim of this research, quantitative tools were employed through surveying mobile service industry customers. Confirmatory factor analysis and path analysis were used to test hypotheses of direct and indirect relationships among Aaker’s (1991) model of branding, and variables derived from services marketing literature. All hypotheses were accepted except one. Direct and indirect relationships are justified. This implies that branding in mature markets should be considering direct relationships, as well as, indirect relationships among variables tested. Results of this research are not only of valuable contributions to academics, but also serve as guidance for service marketers operating in similar contexts.

Keywords: service branding, mature markets, brand equity

1. Introduction
In mature markets, customers perceive little differences among competing offers and exhibit low levels of brand loyalty (Christopher, 1996). Thus, full reliance on loyalty programs as the only means for retaining customers, might be risky (Capizzi & Ferguson, 2005). In such markets, the role of advertisements as a means to enlarge market share is believed to be costly and of minimal effect (D’Souza & Rao, 1995).

Worldwide, the mobile service industry has been showing a decline in growth rate. Similarly, the Egyptian market is fully saturated with more than 100% subscribers with severe competition among three major players; Orange, Vodafone and Etisalant Misr, in addition to “We” a company that entered the market two years ago (ELNaggar & Bendary, 2017). In Egypt, the growth rate of mobile service subscribers is declining the last two years indicating a mature market.

Operating in such a mature, fully saturated market, drives companies to understand the process of building brand equity and rethinking untraditional ways to build brand equity and defend brand loyalty. Branding service in mature markets is the main focus of this research. This research aims at guiding marketers and practitioners through the process of building brand equity in highly competitive mature markets.

2. Literature Review and Hypotheses
A brand can be defined as: “a name, term, sign symbol or design or combination of them which is intended to identify a good or a service of one seller and to differentiate them from those of competitors” (Keller, 2003, p. 3). Also, a brand could be seen as the value added to a product (Farquhar, 1989). A well-known brand name serves as a purveyor of information and risk reducer, simplifying the purchase buying process (Tepeci, 1999; Kayaman & Arasli, 2007).

Brand equity is a measure of the value of the brand name in the market. Brand equity, refers to all properties and belongings connected to the name, symbol or brand logo that either enhance or undermine the product/service
value to the organization (Aaker, 1991). Brand equity could be measured financially or by consumer related metrics. Financial measurement of a brand equity is through stock prices and brand replacement. As for consumer related, it is measured by tracking consumer perceptions of brand; brand awareness, brand associations, perceived quality and brand loyalty. Two models are widely used in measuring and guiding branding activities from customer perspectives: Keller’s (1998) and Aaker’s (1991). Both branding models, fail to recognize brand experience, and brand trust as integral parts in branding (Schmitt, 1999). Moreover, Keller’s model is being criticized for its applicability to manufactured goods rather than services (So & King, 2010). Traditional models of branding unfortunately miss the essence of a brand as a rich source of sensory, affective, and cognitive associations that result in memorable and rewarding brand experiences. Branding in services is more challenging than goods (Mcdonald, De Chernatony, & Harris, 2001; De Chernatony & Segal-Horn, 2003; Schuiling & Kapferer, 2004). This research focuses on branding of services, depending on Aaker’s model (1991) rationalized by the nature of services in general, the nature of mobile services in particular, and finally the nature of market in which such services operates. In the context of services, there are fewer cues to assist customer in their purchasing decision making. This is due to the inherent service characteristics as intangibility, inseparability, heterogeneity, and perishability (Berry, 2000). The relative intangibility of services raises customers’ perceived risk (Moorthy, 2002). Most of the services lack the search attributes which makes the purchase process and decision more complex and riskier than for goods. The perceived risk by the consumer varies according to service search, experience or credence attributes. Services that have a dominant search attributes tend to be less risky than experience or credence dominant services. In services with a dominant search attribute, consumers can determine evaluate the purchase transaction prior purchase. However, experience dominant services, to which mobile services belong, can be only evaluated during purchase, or after purchase sale as credence dominant services such as legal services and medical surgeries, can only be evaluated after the purchase (Darby & Karni, 1973; Nelson, 1970; Krishnan & Hartline, 2001). In a service setting, the brand is translated into experiences customers have with all aspects related to core service performance, and service environment (De Chernatony, 2001). To sum up, services are a bundle of experiences. This raises the need for experience as a building block in branding. Experience influences customers’ attitude through forming beliefs that encourage the behavioral act of adoption. Branding services is a means to reduce perceived risk attached to services in general (Barnert & Wehrli, 2005). Consequently, in order to reduce such risk, consumers tend to make associations with familiar brand names. Associating brand name with a service assists in tangibilizing the intangible aspects of services, which acts as a key to success in service marketing through using an extrinsic cue such as brand name (Levitt, 1981; Reddy, Buskirk, & Kaicker, 1993; Berry, 1995).

The structure of Aaker’s (1991) model in terms of antecedents and outcomes, allows rethinking by adding extra items and adapting the model to work in different contexts. In mature markets where mobile service Industry operates, customers show low levels of loyalty. Hence, mobile service operators struggle to maintain brand loyalty. According to Aaker (1991), brand loyalty is the ultimate outcome of brand equity components. It represents how far customer is attached to a certain brand (Keller, 1993). It denotes consumer preference to buy a brand name as of its perceived quality, and not its price. The deterministic view of brand loyalty explains loyalty as an outcome of favorable experience in multiple interactions where trust is cultivated.

This research addresses two factors rooted in service marketing, i.e. trust and experience, though not considered simultaneously in branding models. This research is an attempt to fill the gap in branding literature, by examining the relationships between brand experience, brand equity components, brand trust, and brand loyalty. Thus, it provides a detailed guideline for service industry practitioners operating in mature markets.

2.1 Experience

The importance of experience in service marketing has been raised since the emergence of experiential marketing (Schmitt, 1999). Positive brand experience might trigger desired levels of branding more far than what advertising do especially in mature markets (Roswinanto & Strutton, 2014).

Experience is the outcome of exposure familiarity, gained through knowledge and multiple interactions between customers and service provider (Hoch & Deighton, 1989; Laroche, Bergeron, & Goutaland, 2003). Experience occurs when consumers search alternatives, shop for the chosen alternative, and receive service when they consume them (Alba & Hutchinson, 1987; Holbrook, 2000; Brakus, Bernd, Schmitt, & Zhang, 2008). Further it evolves during the search process for products are followed by evaluation and trial (Hoch, 2002). Experience could occur directly or indirect. Direct experience, known as consumption experience, occurs when there is a physical contact, during consuming or using the product or service (Hoch & Ha, 1986; Holbrook & Hirschman,
On the other hand, consumption experience is an overall evaluation of the experience and its different facets and utilities resulting from product use (Holbrook, 1996; Mathwick, Malhotra, & Ridgen, 2001). Whilst, indirect experience happens as a result of exposure to advertisements or other non-consumption stimuli. Shopping and service experience which occur when consumer interacts with a store’s physical environment and its personnel and its policies and practices (Hui & Bateson, 1991; Kerin, Jain, & Howard, 2002).

Brand experience relates to physical aspects such as brand design, identity, packaging and communications or environment (Brakus, Schmitt, & Zarantonello, 2009). It also relates to brand-related stimuli resulting in emotions and feelings towards the brand. Brand experience are subjective, internal consumer responses and measured through sensation, feelings and cognition and behavioral responses, which are provoked through stimulus such as brand’s design, identity, packaging, communication and environment (Brakus, Schmitt, & Zarantonello, 2009). It has many classifications such as strength, intensity, and positive and negative experiences. Schmitt and Rogers (2008) developed other scale that include sense, feel, think, act and relate.

Favorable experience not only reflects on positive familiarity, but also impacts significantly on understanding, enjoying, enhancing and fostering the brand, thus brand trust will be the expected outcome (Ha & Perks, 2005).

Brand experience could affect brand equity dimensions directly. In professional services, understanding customer experience prior purchase decisions contribute to their brand loyalty significantly (Bennett, Hartell, & McColl-Kennedy, 2005). Brand loyalty is developed through positive experiences with a brand (Mascarenhas, Kesavan, & Bernacchi, 2006; Murray, 1991; Sheth, 1968). On the contrary, negative experiences could lead to the termination of the purchasing decision of a product or a service (Aaker, 1991; Hoch, 2002). Based on the previous discussion, the following hypotheses could be written as follows:

H1: There is a direct positive relationship between brand experience and brand loyalty
H2: There is a direct positive relationship between brand experience and brand trust

2.2 Brand Awareness

Brand awareness is determined by the ability of the consumer to recall and recognize a brand in different situations (Aaker, 1996). Remembering or recalling a brand occurs when a brand has a distinctive cue that a consumer associate with easily. Brand visual identity is one of the most important in creating brand awareness (Davis et al., 2008). Consumers’ brand awareness plays an important role in the decision-making process (Keller, 1993). Brand awareness plays an important role when customers interact with the brand for the first time (Hoyer & Bown, 1990).

One of the essential aspects that assists in brand remembering and preference is his direct experience with a brand (Rossiter & Piercy, 1997). Customer experience shapes the way by which brand is recalled and identified (Hoch, 2002). Brand familiarity, a consequence of repeated experiences with the brand, serves multiple benefits in branding. Familiarity with brand name improves emotional attitudes towards the brand. Its benefits increases brand retention in customer’s mind, improves customer's confidence in the purchase, and enhances their attitude toward the brand (Alba & Hutchinson, 1987; Laroche, Kim, & Zhou, 1996). Accordingly, positive experience with service enhances the brand recall and overall brand awareness (Berry, 2000). Previous scholars pointed out that brand awareness can be used to infer brand quality and enhance brand trust (MacDonald & Sharp, 2000; Xingyuan et al., 2010). Based on the previous discussion, the following hypotheses could be derived:

H3: There is a direct positive relationship between brand experience and brand awareness.
H6: There is a direct positive relationship between brand awareness and brand trust.

2.3 Perceived Quality

Quality in products could be measured objectively. In services, it is difficult to set objective measures due to services intangibility. Thus, quality is measured by how customers perceive it. Perceived quality is a subjective judgement of the customer’s brand excellence in performing compared to competing offerings. Accordingly, trial and experience with a product shapes its overall quality assessment (Grace & O’Cass, 2004; Paswan & Ganesh, 2003). Perceived brand quality is an outcome of product associated tangible traits driven by cognitive and utilitarian criteria (Zeithaml, 1988). Hence, perceptions of customers on service clues communicated by their suppliers form the basis of quality perception. There is a consensus among scholars that perceived quality is one of brand equity components.

There is no consensus on a unified measurement for service perceived quality. Service perceived quality measures range from 3 components to 5 components with different underlying items. The operationalization of
Perceived brand quality is an antecedent of trust and indirectly affects brand loyalty (Coulter & Coulter, 2003; Wall, Liefeld, & Heslop, 1991; Lin, 2006). The relationship between brand awareness and perceived quality (Monroe, 1990; Dodds, William, & Grewel, 1991; O'Case, 2004; Paswan & Ganesh, 2003; Srinivasan & Till, 2002). Trials are an important part of building quality perceptions. Consequently, product trial and experience are essential for quality assessment (Grass & O’Case, 2004; Paswan & Ganesh, 2003; Srinivasan & Till, 2002). Trials are an important part of building knowledge and learning which affect product evaluation. As a result, many researchers concluded the direct relationship between brand awareness and perceived quality (Monroe, 1990; Dodds, William, & Grewel, 1991; Wall, Liefeld, & Heslop, 1991; Lin, 2006).

Perceived brand quality is an antecedent of trust and indirectly affects brand loyalty (Coulter & Coulter, 2003; Ganesan & Hess, 1997; Johnson, Herrmann, & Huber, 2006; Palmatier et al., 2006). In a study on retail banking in Thailand, perceived quality measured by six dimensions was found to affect brand trust (Gounaris, Stathakopoulos, & Athanassopoulos, 2003). In that study, dimensions of perceived quality represented by staff competence, service reliability, convenient timing and product variety were the most important in building brand credibility. Based on the previous discussion, the following hypotheses could be written as follows:

H4: There is a direct positive relationship between perceived brand quality and brand perceived quality.

H7: There is a direct positive relationship between perceived brand quality and brand trust.

2.4 Brand Associations

Brand associations refer to those features retained in mind of customers on the brand features, strengths, weaknesses forming mindset network shaping consumer behavioral attitudes towards the brand (John et al., 2006). In service perspective, brand associations are related to service company image known as corporate based associations. Corporate based associations in services are related to company itself, so that the company becomes a brand for consumers (Berry, 2000). However, such associations vary among different service industries as branding strategies vary. For example, in hotel industry it is line branding while in banking it is defined as corporate level branding (Devlin, 2004). Brand associations create value by rationalizing buying the brand, creating positive attitudes/feelings among consumers, helping process/retrieve information, providing the basis for extensions and differentiation (Aaker, 1991). Brand associations might comprise functional qualities, benefits, purchase and consumption situations (Keller, 1993). Brand associations put the brand at the top of consumer choice in buying situations. This is done through linking the brand associations to the needs triggering the buying situation (Raniniuk & Nenycz-Thiel, 2013).

Direct experience underpins the process of creating associations in terms of brand attributes and benefits in customer’s memory (Keller, 2003). Also, positive experience in services reflects on stronger held associations, allowing building brand distinction (Keller, 2003). Experience created through trial and service interactions serves as input to brand knowledge and the basis for brand associations (Long-Tolbert, Till, & Swaminathan, 2006; Smith & Swinyard, 1982).

In services context, experience tend to be a major antecedent of brand associations (De Chernatony & Cottam, 2006; O’Loughlin & Szmigin, 2005). Also, experience results in cognitive and emotional clues forming the foundation of brand associations, called experience based associations. As a result, experience based associations is the outcome of customers interaction with the brand (Berry, Wall, & Carbone, 2006). However, the power of the relationship between corporate brand associations and brand trust depends on the level of customer awareness with the service provider (Phan & Ghantous, 2013). Some scholars went beyond, to proof that certain type of experience is more influential. For example, sensory experience was found to affect brand loyalty when comes to tangible products (Hepola et al., 2017). Based on the previous discussion the following hypotheses could be estimated:

the service quality construct depends on the industry under investigation and status of the economy of country. Gronroos (1995) proposed a model that included only two dimensions, technical performance which is related to the customer’s perception of the service delivery process and functional performance which is related to the customer perception of the service. Parasuraman, Zeithaml and Berry (1988) measure of service quality, SERVQUAL is a five components scale, tangibility, reliability, responsiveness and assurance and empathy, with underlying 22 items. Gounaris, Stathakopoulos, and Athanassopoulos (2003) measured service quality by six dimensions and found that, staff competence, service reliability, physical evidence, convenience as of place and time, innovation and value for money for retail banking. Although, SERVQUAL developed by Parasuraman, Zeithaml and Berry (1988) is widely used, it is criticized for its unstable dimensionality, addressing merely delivery process, overlooking the technical aspect of service quality (Buttle, 1996; Kang & James, 2004).

Experience is an important part of consumer learning, and is of significant effect on perceived quality. Thence the consumer uses the product, the more product knowledge is gained, and consequently this enhances quality perceptions. Also, experience from products quality could be a differential factor when comparing among products (Mudambi, Doyle, & Wong, 1997). In recent studies, product performance was considered essential for quality perceptions. Consequently, product trial and experience are essential for quality assessment (Grass & O’Case, 2004; Paswan & Ganesh, 2003; Srinivasan & Till, 2002). Trials are an important part of building knowledge and learning which affect product evaluation. As a result, many researchers concluded the direct relationship between brand awareness and perceived quality (Monroe, 1990; Dodds, William, & Grewel, 1991; Wall, Liefeld, & Heslop, 1991; Lin, 2006).
H5: There is a direct positive relationship between brand experience and brand associations.

H8: There is a direct positive relationship between brand associations and brand trust.

2.5 Brand Trust

The emergence of trust as a factor in relationship building and development is emphasized by social exchange and commitment-trust theories (Morgan & Hunt, 1994; Gefen, Karahanna, & Straub, 2003). Although, trust is an important driver of exchange relationships in general, its importance increases in services contexts due to the intangible nature of services, and the associated levels of uncertainty and risk. Moreover, the need for emphasizing trust increases with branding in mature markets where customers perceive little differences among competing brands.

Trust refers to the tendency to rely on that partner, supplier, or brand capable of and expected to provide the required quality (Morgan & Hunt, 1994; Doney & Cannon, 1997). Brand trust is the feeling of security when interacting with the brand (Delgado-Ballester & Munuera-Alema, 2001; Moorman, Deshpandé, & Zaltman, G., 1992; 1993). Trust definition includes partner’s credibility and benevolence (Ganesan & Hess, 1997). Credibility is the cognitive, calculative appreciation of the unique performance of a brand while benevolence results from perception of integrity and honesty of a brand and considering customer interest before its own. Brand credibility, an important dimension of brand trust, refers to the brand ability to deliver expected performance (Sweeney & Swait, 2008).

Trust is a multidimensional construct. It is both technical and intentional in nature (Doney & Cannon, 1997; Ganesen & Hess, 1997; Morgan & Hunt, 1994). Technical nature refers to the service features enabling meeting customer expectations and satisfying customers’ needs, while the behavioral or intentional nature refers to the consistency in delivering value in all product phases (Garbarino & Johnson, 1999; Chaudhuri & Holbrook, 2001; Dalziel, Harris, & Laing, 2011; Delgado-Ballester & Munuera-Alema, 2001). Trust is composed as a result of consumer’s evaluation of employee’s knowledge and responsiveness (Parasuraman, Zeithaml, & Berry, 1988). It is influenced by consumer’s evaluation of any direct (Trial & Usage) and indirect (Advertising & Word of mouth) with the brand (Krishnan, 1996). For Kobayashi, Hara and Usui (2017), trust is a three dimensional construct; cognitive-based, affection-based and institutional-based.

There is a consensus among psychologists and marketers that brand trust forms the foundations of brand loyalty and based on favorable experience. Building and maintaining trust is at the core of brand equity, because it is key factor of any successful relationship (Morgan & Hunt, 1994; Oyedjei & Hou, 2010). Trust is considered an important factor in building loyalty (Garbarino & Johnson, 1999; Chaudhuri & Holbrook, 2001). Also, trust has been found to have an essential role in building a long-term relationship with customers, especially in banking service (Lewis & Soureli, 2006; Ndubisi, Wan, & Ndubisi, 2007).

Brand experience is the most relevant and important source of brand trust as it influences association and reflect thoughts that is accepted with more confidence (Krishnan, 1996). Brand trust could be understood as the outcome of an individual experiential process of learning over time. It results from previous experiences and prior interactions (Garbarino & Johnson, 1999). Trust develops gradually as a result of successful interactions over time, fostering favorable exchange experience with the brand (Gounaris, 2005). In services contexts, favorable brand experience, was founded to result in positive brand trust directly, with an indirect effect on brand loyalty (Brakus et al., 2009). Huang (2017) found that sensory experience had the highest effect on brand trust compared to other types of experience. Based on the previous discussion, the following relationship could be assumed:

H9: There is a direct positive relationship between brand trust and brand loyalty.

2.6 Brand Loyalty

Brand loyalty is the main aim of marketers. Bloemer and Kasper (1995) defined loyalty as the biased behavioral response that evolves over time by consumer with respect to one or more alternatives over competing ones, and the outcome of psychological, decision making (evaluative) processes leading to brand commitment. Behavioral and attitudinal loyalty are the two main dimensions of brand loyalty. Attitudinal loyalty is the intention to repeat the purchase and to pay premium price or expend a large amount of monetary resources to acquire the brand and also spreading positive word of mouth (WOM) (Algesheimer, Dholakia, & Herrman, 2005; Morrison & Crane, 2007).

On a behavioral dimension, loyalty is conceptualized as a continuous commitment to rebuy a preferred product or service despite switching costs (Oliver, 1999). It is argued that true brand loyalty is based on brand commitment (Bloemer & Kasper, 1995; Oliver, 1999). Brand loyalty leads to certain marketing benefits such as
reduced marketing costs and more consumptions. Every firm strives to have high levels of customer loyalty for its brands as a measure of its competitiveness and profitability (Chaudhuri & Holbrook, 2001).

Indirect effects:

Pervious discussion supports the development of the following hypotheses addressing indirect relationships:

H10: Brand trust mediates the relationship between brand experiences and brand loyalty
H11: Perceived quality mediates the relationship between brand experience and brand trust
H12: Brand association mediates the relationship between brand experiences and brand loyalty
H13: Brand associations mediates the relationship between brand experience and brand trust
H14: Perceived brand quality mediates the relationship between brand awareness and brand trust

3. Methodology

Based on previous literature review and proven research gaps, Figure 1 represents the model to be tested with the direct relationships drawn:

![Figure 1. Research model to be tested](image)

To test relationships and draw conclusions, a quantitative approach is employed through using survey as the data collection tool. Self-administered questionnaire was used to ensure maximum cooperation and speed up the collection of data. Research population is any customer of mobile service companies operating in the Egyptian market. Non-probability sampling technique was used due the inability of researcher to access population frame for national security reasons.

Quota sample was used as the sampling technique, to ensure that all users of mobile services are represented in the sample. Questionnaire was distributed on 400 mobile users, from which 384 usable questionnaires were used in the analysis. The sample size of 384 is adequate for the use of CFA and path analysis.

This sample size meets Nunnally’s (1967) requirement for 10 respondents per item (in this research, there are 37 items representing 6 constructs & 384 respondents). Also, it meets Hair et al.’s (2006) requirements, in which 200 respondents are seen as enough for such types of statistical analysis.

Questionnaire was designed based on literature. Scales measuring constructs in the model, were adopted from literature and adapted to meet this research specific purpose. The questionnaire was translated to Arabic to meet the Egyptian culture. Table 1 shows the origin of variables used in questionnaire and tested in the model.
Table 1. Origin of variables tested in the model

<table>
<thead>
<tr>
<th>Model variables</th>
<th>Origin of scale used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience (5 items)</td>
<td>Altaf, et al. (2017); Brakus et al. (2009)</td>
</tr>
<tr>
<td>Brand awareness (5 items)</td>
<td>Yoo and Donthu (2001); Netemeyer et al. (2004)</td>
</tr>
<tr>
<td>Perceived quality (9 items)</td>
<td>Dodds, William and Grewel (1991)</td>
</tr>
<tr>
<td>Brand association (5 items)</td>
<td>Netemeyer et al. (2004); Aaker (1996)</td>
</tr>
<tr>
<td>Brand loyalty (6 items)</td>
<td>Yoo and Donthu (2001)</td>
</tr>
<tr>
<td>Brand trust (7 items)</td>
<td>De Chandhuri and Holbrook (2001); Delago- Ballester and Munuera - Alemán (2001)</td>
</tr>
</tbody>
</table>

Confirmatory factor analysis was performed to specify the structure between the three observed variables; brand awareness, perceived brand quality, brand association, as measures of brand equity (the latent variable). SEM with path Analysis was used to ensure model stability and test all hypotheses.

4. Results

4.1 Sample Profile

Respondents within the age of 18 to less than 30 years occupy 53% of sample, more than 52% are male, and almost 56% are holding a university degree. The sample consists of 35% Vodafone services users, 20% Etisalat Misr service users, and the rest are Orange users.

4.2 Data Analysis

Confirmatory factor analysis (CFA) was conducted to evaluate the validity of brand equity and the underlying constructs in the measurement model across the model-fit indices. Then, path analysis using SEM and Sobel test were performed to test the underlying hypotheses.

4.2.1 Confirmatory Factor Analysis

Confirmatory factor analysis was first used to confirm the factor loadings of the three components of the latent variable; brand equity as shown in Figure 2. Also, it was used to assess the model fit. The model adequacy was assessed by the fit indices suggested by Hair et al. (1998), Schreiber et al. (2006), Elshaer and Augustyn (2016).

CFA results of the estimated model show an acceptable fit to the data. Chi-square=343.462, df=149; CMIN/DF=2.3 less than 3, p<.001, RMR=.048, NFI=.845; PGFI=.713, GFI=.910, CFI=.893; RMSEA=.062. All path coefficients in the model are significant (p<.01), with minimum loadings of 0.5. All goodness of fit indices was found to be satisfactory in terms of proposed thresholds in the literature. All path coefficients in the estimated model were significant (p<0.01). Construct validity was examined using the test for convergent and discriminant validity. Convergent validity was evaluated using the attributes of factor loading, average variance extracted (AVE), and construct reliability (CR). Table 2 shows the factor loading, AVE, and CR values that were used to assess convergent validity for the CFA model.

![Figure 2. Brand equity components](image-url)
Table 2. Brand equity dimensions*

<table>
<thead>
<tr>
<th>Items</th>
<th>Estimate</th>
<th>T value</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am aware with all services my mobile service company offer</td>
<td>0.744</td>
<td>7.893</td>
<td>0.518</td>
<td>0.841</td>
</tr>
<tr>
<td>I can easily recognize the services my company offers</td>
<td>0.678</td>
<td>9.125</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I know how my company services looks like</td>
<td>0.827</td>
<td>6.124</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can quickly recall the symbol or logo of my mobile brand</td>
<td>0.601</td>
<td>7.206</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When I hear about my mobile services, my company name is the first that jumps to my mind</td>
<td>0.728</td>
<td>7.310</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My service mobile company has a strong network coverage</td>
<td>0.707</td>
<td>6.792</td>
<td>0.525</td>
<td>0.907</td>
</tr>
<tr>
<td>My service mobile company rendered trusted services</td>
<td>0.841</td>
<td>6.251</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My mobile service company offers wide range of services</td>
<td>0.697</td>
<td>7.004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My mobile service company cares about its customers</td>
<td>0.658</td>
<td>7.054</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The customer service of my mobile service company offers a prompt solution to customers complaints</td>
<td>0.723</td>
<td>6.183</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can reach my mobile service company through a lot of channels in case of facing any problem</td>
<td>0.799</td>
<td>7.058</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall, the way my mobile service company deals with my complaints is satisfactory</td>
<td>0.709</td>
<td>6.799</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To my knowledge, my service mobile company deals with its customers fairly</td>
<td>0.645</td>
<td>6.783</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My mobile service company always meet its promises in relation to service quality</td>
<td>0.718</td>
<td>7.021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My mobile service company offers unique services</td>
<td>0.653</td>
<td>8.055</td>
<td>0.514</td>
<td>0.841</td>
</tr>
<tr>
<td>Services rendered by the mobile service company I deal with is a value for money</td>
<td>0.708</td>
<td>7.572</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I trust the company who own the mobile I’m using</td>
<td>0.713</td>
<td>5.908</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I respect and admire people who deal with my mobile service company</td>
<td>0.792</td>
<td>8.076</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have strong reasons to buy this mobile over other competing ones</td>
<td>0.713</td>
<td>7.893</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. *All loadings are significant at P<0.001.

Internal consistencies of the composite measures were satisfactory. Hence, analysis was proceeded to examine the measurement model’s psychometric properties to evaluate its reliability and construct validity.

4.2.2 Testing Direct Relations

SEM and path analysis were conducted to test hypothesis and test the suggested model fit. The outputs of path analysis for significant relationships are shown below in Figure 3 and Table 3. Cronbach Alpha is calculated for each variable included in Figure 3, the minimum of 0.7 is achieved.

![Figure 3. Path analysis of model variables](image-url)
Table 3. Direct relationships

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Paths</th>
<th>Standardized S.E</th>
<th>T value</th>
<th>Sig</th>
<th>Accept/ Reject</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Brand experience to brand loyalty</td>
<td>0.394</td>
<td>0.047</td>
<td>8.410</td>
<td>***</td>
</tr>
<tr>
<td>H2</td>
<td>Brand experience to Brand trust</td>
<td>0.212</td>
<td>0.054</td>
<td>3.921</td>
<td>***</td>
</tr>
<tr>
<td>H3</td>
<td>Brand experience to Brand awareness</td>
<td>0.350</td>
<td>0.043</td>
<td>8.139</td>
<td>***</td>
</tr>
<tr>
<td>H4</td>
<td>Brand experience to brand perceived quality</td>
<td>0.688</td>
<td>0.035</td>
<td>19.65</td>
<td>***</td>
</tr>
<tr>
<td>H5</td>
<td>Brand experience to brand association</td>
<td>0.629</td>
<td>0.040</td>
<td>15.725</td>
<td>***</td>
</tr>
<tr>
<td>H6</td>
<td>Brand awareness to Brand trust</td>
<td>0.099</td>
<td>0.038</td>
<td>2.46</td>
<td>.006</td>
</tr>
<tr>
<td>H7</td>
<td>Brand perceived quality to brand trust</td>
<td>0.279</td>
<td>0.047</td>
<td>5.974</td>
<td>***</td>
</tr>
<tr>
<td>H8</td>
<td>Brand association to brand trust</td>
<td>0.448</td>
<td>0.041</td>
<td>10.823</td>
<td>***</td>
</tr>
<tr>
<td>H9</td>
<td>Brand trust to brand loyalty</td>
<td>0.439</td>
<td>0.046</td>
<td>9.526</td>
<td>***</td>
</tr>
</tbody>
</table>

Previous table supports all hypotheses as they show significant relationships, except for the sixth hypothesis. The goodness of fit indices for the above model shows RMSEA=0.058, RMR=0.05, CFI=0.951, chi-square=17.23. df=6 with ratio of chi-square/df=2.8.

There is a significant positive relationship between brand experience and brand awareness, brand perceived quality, brand associations and brand loyalty. Such results are consistent with literature. Also, the relationship between brand experiences is important for both brand perceived quality and brand associations, as experience of the brand enhances consumer’s perception of its performance. There is significant relationship between brand perceived quality and brand trust. As consumers perceive quality as favorable, brand trust is more supported. However, contradicting with previous literature, awareness is not driving brand trust.

4.2.3 Testing Indirect (Mediation) Relationships

Table 4 shows the results of mediation effect of brand equity components and brand trust. Mediation is evident in the existence of indirect effects but no direct effect, which they call “full mediation, but partial mediation is considered as well (Zhao, Lynch, & Chen, 2010). Sobel test was used to test mediation (Zhao et al., 2010). Sobel test is based on calculating z-value=a*b/SQRT(b^2*sa^2+a^2*sb^2) after calculating the S.E and the unstandardized regression correlation of relationships among variables involved in the mediation.

Table 4. Indirect relationships

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>S.E</th>
<th>Unstandardized beta coefficients</th>
<th>Sobel test*</th>
<th>S.E of Sobel test</th>
<th>Accept or Reject</th>
</tr>
</thead>
<tbody>
<tr>
<td>H10: Brand trust mediates the relationship between brand experiences and brand loyalty</td>
<td>a: Exp to trust</td>
<td>0.039</td>
<td>0.690</td>
<td>13.04</td>
<td>0.0367</td>
</tr>
<tr>
<td>H11: Perceived quality mediates the relationship between brand experience and brand trust</td>
<td>a: Exp to S.Q</td>
<td>0.036</td>
<td>0.695</td>
<td>12.89</td>
<td>0.037</td>
</tr>
<tr>
<td>H12: Brand association mediates the relationship between brand experiences and brand loyalty</td>
<td>a: Exp to Ass.</td>
<td>0.043</td>
<td>0.35</td>
<td>6.49</td>
<td>0.0278</td>
</tr>
<tr>
<td>H13: Brand associations mediates the relationship between brand experience and brand trust.</td>
<td>a:Exp to B.Ass.</td>
<td>0.048</td>
<td>0.518</td>
<td>12.35</td>
<td>0.037</td>
</tr>
<tr>
<td>H14: Perceived brand quality mediates the relationship between brand awareness and brand trust</td>
<td>a: B.Awar. to S.Q</td>
<td>0.048</td>
<td>0.518</td>
<td>9.122</td>
<td>0.0397</td>
</tr>
</tbody>
</table>

Note. Indicating significance at P<0.001.

As shown in Table 4, Sobel test shows highest levels in H10, H11, H13. This indicates the strong mediation of brand trust, perceived quality and brand associations. In addition, Sobel test show significant values in H12 and H14, although not high if compared to other Sobel test values. This indicates that for awareness to result in brand trust, quality has to be favorably perceived. Also, it indicates that brand associations has a role to do with brand loyalty.
5. Discussion and Conclusion

5.1 Discussion and Managerial Implications

Findings provide a guide to marketers of services operating in mature markets. While experience is not a part in Aaker’s (1991) model, research results approved brand experience as an integral part of brand equity with a good model of fit indices. Brand experience showed a direct significant relationship with brand equity dimensions, and brand loyalty as well, as shown in Table 3. However, Table 3 shows that the direct relationship of brand experience with brand loyalty is not as large as its direct relationship with brand loyalty. This denotes that, for branding services in mature markets, experiences are a key starting point. The necessity of fostering positive experience at every service encounter in multiple channels, if used, is a must to survive in mature markets. To manage customer experiences properly, customers could be segmented on their level and type of experience with service encounters.

Research findings also confirmed the need for trust in branding and the necessity of measuring trust when brand equity is evaluated. Trust is the building block of exchange relationship in general and service marketing in particular as confirmed by previous scholars (e.g., Morgan & Hunt, 1994). Findings show how trust evolves. It is the outcome of brand experience supported by favorable perceived quality and brand associations as shown in Table 4. Due to the intangibility and simultaneity of services production and consumption, trust cannot be built unless clues are seen and felt by customers in every aspect during service encounter.

Although trust is a building block in service marketing, it is not an end in itself. Rather, a means to an end, which is loyalty. The direct significant relationship between both variables shown in Table 3 is consistent with previous studies (Morgan & Hunt, 1994; Grabarino & Johnson, 1999; Chandour & Halbrook, 2001). This relationship should serve as guidance to service markets in mature markets. Accordingly, it is not enough to measure the level of customers’ trust. Rather, more important is to know reasons behind trust, to enforce them, and to track how customers trust evolves with level and type of experience. Moreover, since loyalty is the goal of service providers operating in mature markets, customers should be segmented on loyalty levels, to enable effective marketing strategies.

The relationship between brand awareness and brand trust according to Table 3, is not consistent with previous studies confirming that brand awareness affects brand trust and brand loyalty positively and significantly. This could be justified by the level and type of information customers have about the brand. Brand awareness is not the same as brand familiarity, although information about the brand is involved in the two concepts. The relationship between brand awareness and brand trust is a function of several factors, for example, customer’s experience with the brand, the source and the amount of information forming customer awareness with the brand (Mourad, Ennew, & Kortam, 2010; Kim & Hyun, 2011). Accordingly, marketers should not only be concerned about measuring brand awareness by customers' ability to recall brand name. They should also be concerned about the type and level of information forming brand awareness. Moreover, markets of services in mature markets should work on shaping customers’ awareness through disseminating positive experiences by other customers. This is because, experiences affect awareness positively and significantly as shown in Table 3.

The extended model tested in this research, with the proven direct and indirect relationships provide guidelines for marketers of services aiming at building brand equity and fostering brand loyalty. Marketers should be aware that not all brand equity dimensions behave in the same direction to affect brand trust. Accordingly, they should ensure that all measures of brand equity are affecting brand trust positively.

5.2 Limitations and Area of Further Study

This research approached brand equity as a snap shot. It did not go in-depth to show how brand equity evolved among competing firms. This could be the focus of a further longitudinal study. Some companies which are included in the study are operating at a multinational level. The perception of brand equity from a multicultural perspective need to be addressed in future research. This research applied the customer perspective in measuring brand equity. Future researches might opt at comparing brand association among competing firms and linking them to brand value from a financial perspective.

Despite being a significant component of brand equity, this research found that awareness has no significant influence on trust. Future research should focus on measuring levels and types of awareness on trust to serve practitioners in corporate communications. This research did not consider the role of switching cost despite considered by scholars as a variable affecting brand loyalty. Future research might consider the effect of switching cost in branding. In addition, in this research, brand experience was measured as a whole concept with
no focus on its components. Future researches might link types of experience with branding to provide more detailed guidance for practitioners.

References


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