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The impact of alignment/misalignment of online and in-store customer experience on brand equity perception: An empirical study of the retail store Lidl

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Abstract

Recently, retailers adapted marketing strategies to incorporate digital channels and subsequently potentially neglect their traditional marketing activities leading to misalignments in branding. Since only research on the impact of digital/traditional activities on company-performance exists, this paper assesses with quantitative regression analyses, through the example of Lidl, if the alignment/misalignment of activities has an impact on brand-trust and brand-equity. 103 Millennials answered two questionnaires following an online and an offline encounter with LIDL. A control group of 105 Millennials answered the questionnaire following only the offline encounter. Findings showed that while online experience has positive effects on the crafting of brand-trust and brand-equity, the overall brand equity generated after the offline experience in both samples was statistically not different, which shows a misalignment resulting in a full dilution of brand-equity created online. Thus, retailers need to ensure brand messages communicated through online channels are aligned with offline communication to avoid customer disappointment.

Keywords: Consumer Behaviour, Brand Equity, Marketing Communication, Online Marketing, In-store Experience, Retail Store

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The writing process of this work project has been challenging but extremely valuable as it has allowed me to analyse my findings on an area of brand management that I want to work in. As a result, I have experienced a significant learning curve. I am looking forward to presenting my findings.

Table of Contents

To my mother

1 Introduction

The topic of retail branding has gained significant attention in recent years, mainly due to the rise of digitalisation (Haas, 2019). While the retail industry has experienced a shift from physical to online trading, the rise of online shopping has also impacted consumer behaviour. The impact on traditional retail is illustrated by Statista, demonstrating growth from 7.4% in 2015 to an expected 22% in 2023 E-commerce share of total global retail sales (Statista, 2020). Brands recognised the opportunity to attract customers online and attempted to incorporate an increasing number of digital channels in their marketing strategy. However, global marketers face budget allocation challenges as online marketing benefits from low operational and production costs. Thus, it is tempting to plan most of the budget for digital strategies. Furthermore, due to the focus on digital marketing strategies, other forms of communication such as the traditional ones (TV, radio, press) and especially in-store design and experience might be neglected. Subsequently, marketing strategies would not be aligned across all marketing channels potentially resulting in inconsistent communication across touchpoints, decreasing the brand's credibility and confuse consumers not convinced by the brand's marketing efforts and not enticed to make a purchase. Hence, offline and online marketing strategies should be combined to keep a consistent brand identity and reinforce customer trust and brand equity. This research aims to verify this hypothesis to add valuable insights on the impact of misaligned/aligned online and offline marketing efforts on the formation of brand equity. For the experiment of this research, Lidl, a German grocery retailer, has been chosen. The brand equity crafting has been tested by customers encountering the brand through online channels/in-store and only through in-store with result comparison. This dissertation will firstly review relevant literature on the elements of this research. Secondly, the applied methodology will be illustrated followed by the result analysis. Lastly, the findings will be presented together with the managerial implications, further research suggestions and conclusion.

2 Literature review

For this master thesis' literature review, Science Direct, EBSCO Host, and Google Scholar were used to identify relevant and reliable literature focusing on peer-reviewed journal articles, academic books, and working papers to ensure high quality and authoritative sources.

2.1 Brand and Brand Equity

Brands have been omnipresent in our day-to-day lives for almost a century now since the first major commercial brands began influencing the world in the mid-1900. Consequently, a clear definition of a brand has not been identified so far but has continuously evolved. To date, the most accepted definition is the one of Kotler (1991). that defined a brand as "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors". However, Kapferer (2012) defined a brand as "a shared desirable and exclusive idea embodied in products, services, places and/or experiences" highlighting that Kotler emphasises the material side of a brand and neglects the experiential side of brands. Hence, brands can be experienced through a product and store atmosphere, emotions, and relationships with customers (Burt & Davies, 2010) (Burt, Johansson, & Thelander, 2011). It is clear that an interplay of different aspects strongly impacts consumer perception of brands to create memorable brand experiences. Consequently, to define a brand fully for this thesis, it is essential to identify the different features that compose and define a brand and choose the features that best support the goal of this thesis.

Existing research on what shapes a brand is aligned on the fact that three significant aspects lead to a brand being favoured over other brands. Firstly, how well the consumer recognises it in different conditions. Secondly, how well a brand's reputation is anchored inside a consumers' mind and how well the consumer believes the brand can deliver on its promise. Lastly, how much a brand holds a unique association to its products and experiences inside a consumer's mind and a precise and distinct identity in consumers' minds. Most researchers agree that a critical concept to measure a brand is the brand equity that the Marketing Science Institute of GB has defined as "the set of associations and behaviour on the part of a brand's customers, channel members and parent corporation that permits the brand to earn greater volume or greater margins than it could do without the brand name” (Leuthesser, 1988). Following the definition, we understand that brand equity tells how well a brand performs. Research suggests that companies with strong brand equity have high marketing productivity and profits enabling consumers to pay premium prices and develop a competitive advantage (Yoo & Donthu, 2001), leading to better brand perception and a greater distribution level (Sloot, Verhoef, & Franses, 2005). Subsequently, measuring brand equity is exactly what we would like to achieve in terms of the purpose of this thesis. However, there is a need to identify the most suitable brand equity antecedents for this thesis. One of the best known researches on brand equity is Aaker's view (1991), suggesting that the antecedents of brand equity can be grouped into four categories plus other proprietary brand assets, namely brand loyalty reflecting "how likely a customer will be to switch to another brand especially when that brand makes a change in price, product features, communication, or distribution programs"; brand awareness being the strength a brand has in consumer's minds (Aaker, 1996); brand association referring to the degree of prominence of a brand for customers when a customer’s associates external features to a brand (Michel & Donthu, 2014); and lastly perceived quality as the overall quality of a brand or superiority when comparing it to alternatives (Aaker, 1991). The latter is the most crucial antecedent we want to measure to achieve the target of our thesis since the quality of a product is not necessarily derived from knowledge on the technical and functional side but from marketing communication (offline and online) used to promote the brand (Desai, Kalra, & Murthi, 2008). A more detailed description of the choice of the antecedents can be found in Appendix 7.11.

2.2 Brand Trust

When measuring perceived quality in the scope of our research, namely consistency, reliability, and individuality, the literature suggests brand trust as a significant construct to measure the quality of a brand (Eggers, O’Dwyer, Kraus, Vallaster, & Goldenberg, 2013) (Napoli, Dickinson, Beverland, & Farrelly, 2014) (Schallehn, Burmann, & Riley, 2014). Essentially, the brand trust measures how much a consumer trusts a brand to deliver on its promises. Consequently, integrating this construct into our thesis makes perfect sense as it addresses how well a brand is perceived by customers. Rousseau, Sitkin, Burt, & Camerer (1998) have defined brand trust as a consumer's general acceptance of vulnerability based on a positive expectation and the behaviour of another consumer. For diverse definitions, the fundamental of brand trust is essentially the same: Trust is based on believing the word. Trust as a construct, however, is rooted in sociology and psychology (Munuera-Alemán & Ballester, 2001) (Rousseau, Sitkin, Burt, & Camerer, 1998) and only gained recognition in marketing in the late 1980s with the growing importance of relationship marketing (Munuera-Alemán & Ballester, 2001) (Hess & Story, 2005) (Lantieri & Chiagouris, 2009). For instance, Chaudhuri & Holbrook (2001) have suggested that brand trust results from a direct experience and occurs through a positive relationship between two parties, online or offline. Other researchers have taken the approach that brand trust evolves out of perceived risk. Consumers would look for trustworthy brands when they are uncertain. Trustworthy brands are described as brands that can create a positive feeling for customers (Lassoued, Hobbs, Micheels, & Di Zhang, 2015). Moreover, recent studies have contributed to this concept by adding brand intentions to brand reliability (Sahin, Zehir, & Kitapci, 2011) because brand trust is also influenced by consumers being more likely to trust brands with good intentions. Most literature is agreeing on the fact that brand trust is key to successful brand-consumer relationships (Munuera-Alemán & Ballester, 2001) (Fournier, 1998) (Morgan & Hunt, 1994). Brand trust can guarantee customers that the brand provides the correct information about products, which significantly affects customers' purchase decisions. Therefore, increased brand trust is likely to result in a customer buying the product of a particular brand and increasing the brand performance, as investigated by Chaudhuri & Holbrook (2002). Moreover, researchers have found that brands with high brand trust are more likely to be recommended by customers (Gefen, 2002) and are more likely to result in repeated purchases as brand trust is highly correlated with brand loyalty (Menidjel, Benhabib, & Bilgihan, 2017).

2.2 Online Experience, Brand Trust and Brand Equity

Online tools have gained more and more attention in the past years as an effective mechanism to create value for customers. The internet, including all different channels such as websites, social media, and virtual communities, has been established as an important way to inform, share and create an experience for customers (Prahalad & Ramaswamy , 2004) (Simon, Brexendorf, & Fassnacht, 2013). Consequently, various research has been focused on online marketing and its impact on companies' brand equity. The major research in the literature that fits our context can be summed up in the antecedents of online brand equity. The probably most important contribution was made by Rana, Bhat, & Rani (2015). They were the first to create a comprehensive framework that identifies all the different antecedents of online brand equity. The scrutinised previous literature found out that four aspects were leading to high online brand equity. Firstly, e-service quality that can be defined as customers' overall judgement of the quality of an e-service offered in a virtual environment (Santos, 2003). The literature has explored this aspect of online as stimuli and behaviour. For instance, Wolfinbarger & Gilly (2003) suggest that e-service quality is directly related to customer satisfaction, retention, and loyalty, significantly impacting consumer behaviour. Secondly, e-satisfaction that is defined as the overall happiness customers have after an online experience with a brand (Anderson & Srinivasan, 2003). In this aspect, research has mostly identified assurance, ease of use, responsiveness and customisation as main factors to create e-satisfaction (Ribbink, Van Riel, Liljander, & Streukens, 2004). A more recent study by Rose, Clark, Samouel, & Hair (2012) added that the website's speed was an additional factor that improves e-satisfaction. Thirdly, the online brand trust that can be either defined as the overall attitude, beliefs and behaviour or the overall trust in something or someone (Mcknight & Chervany, 2001). Research in this segment has been focused on understanding what leads to online trust. For instance, Ha (2004) found out that the website design, security, word of mouth, brand name, and information provided on the website are a major aspect positively affecting online trust. Here we can link to the brand trust construct that was scrutinised before. Indeed, positive online experiences would lead to brand trust and brand trust leading to perceive quality we can identify a first relationship we can test. Lastly, e-loyalty essentially is about earning customers' trust to motivate them to return for another purchase (Reichheld & Schefter, 2000). E-loyalty as a concept is closely tight to e-trust and was particularly researched to understand loyal and disloyal customers. Researchers like Lee & Lin (2005) have conducted research like these on online apparel websites and found out that efficient service such as the fast fulfilment of service and attractive websites with high amounts of information generate loyalty. Besides the antecedents' research in literature, there has also been a focus on the different tools that exist to create online brand equity. Within the scope of this dissertation, we will focus on three major tools mentioned in the literature: mobile advertising, websites, and social media. Regarding the first block, the focus has been on various possibilities to communicate between a retailer and customers through a mobile medium or technology. Research has focused on identifying the impact of these on the success of companies. For instance, Kavassalis, Spyropoulou, Drossos, & Mitrokostas (2003) found out that the brand awareness of McDonald's was particularly high due to their investment in offering quizzes via SMS to attract more sales from young consumers. Moreover, researchers such as Shankar & Yadav (2010) found out that many successful retailers used text messages in their regular customer service strategy through promotional up-dates or to track orders. Concerning the second block, researchers have tried to identify which aspects of a website are the antecedents of online brand equity. One of the major contributions in this segment is probably the study of Bart, Shankar, Sultan, & Urban (2005). They found out that the site design, such as the navigation and presentation or the overall branded product shown with valuable information, is key to building online brand equity. In combination with high security for consumer privacy, these features are essential to increase brand equity. Regarding the last block, which is probably the most recent, the literature is extensive and deals with various topics, such as how to conceptualise a social media strategy, the impact of social media on companies, or the difference between owned and owned earned social media. For this dissertation, only the first aspect is relevant. We see that social media networks and platforms generally have a positive impact on brand equity. Risius & Beck (2015) found out that social media positively increases brand awareness through the possibility to show visuals, pictures, posts, and clips directly to potential customers. Besides this, literature has also identified that social media, more than other marketing tools, can significantly dilute brand equity due to the increased possibility for customers to post experiences with a brand. For instance, Mangold & Bambauer-Sachse (2011) analysed how negative online word of mouth would impact brand equity and found out that it was significantly diluting brand equity. Lastly, literature focused on the creation of social media online communities. Some online communities are focused on specific brands. Researchers such as Muniz & O'Guinn (2001) and Schau, Muñiz, & Arnould (2009) have discussed how the online communities talking about brand and products result in higher brand loyalty and increase brand equity. Following the literature review of online experience, brand trust and brand equity, we can derive the two first hypotheses of this thesis:

H1: There is a positive impact of online marketing efforts on brand trust

H3a: There is a positive impact of brand trust on brand equity (online)

2.3 Store Atmosphere, Brand Trust and Brand Equity

Regarding the store experience, the literature has focused on three building blocks: the dimensions that create a store experience, the relationship between store experience and brand equity and the features that increase store experience positively. Regarding the first building block, we can find several papers that attempt to contribute to this topic. A major contribution to this sector is probably the paper of Alhidari & Al Assafe (2019) that developed a framework that summed up all the relevant aspects to develop store equity. Most research agrees that awareness and its image determine the value of a shop. Store awareness was defined by Pappu & Quester (2006) as “the consumer's ability to recognise or recall a retailer when s/he is exposed to the relevant retailer category”. Store image consists of more dimensions "as it consists of functional and psychological states”. The functional state can be understood as the overall price, the merchandise, and the shop layout, while the psychological state is based on emotions such as feelings one has when entering the store. Most researchers have agreed that the store image is based on price, assortment, atmosphere, quality, convenience, and customer services (Swoboda, Weindel, & Hälsig, 2016). It is widely agreed that store image and store awareness have a positive impact on the overall brand image (Bin Latif, Islam, & Mohamad, 2015) (Wu, Yeh, & Hsiao, 2011). Research also shows that brand image positively influences brand trust, as shown by (Kim & Chao, 2019). This links again to our construct of brand trust and shows how important it is to measure in-store experience. In addition to the two major dimensions, store awareness and store image, other researchers have added some dimensions to increase the focus. Some of these are, for example, the overall store atmosphere, which gives a deep insight into the psychological dimension of the store image. Baker, Grewal, & Parasuraman (1994), (2002) and Lunardo & Mbengue (2013) categorised the store atmosphere into social factors in the store such as the interaction between employees and customers, the design factors comprised by the layout, colours and cleanliness of the store and the ambient factors which refers to overall background conditions of the store like the scent, lighting, temperature, music, and noise. Besides, store convenience as a dimension was introduced by researchers, focusing not on the store but also outside the store. As such Ailawadi & Keller (2004), Delgado-Ballester (2014) and Samli, Kelly, & Hunt (1998) discussed how the location of a store, including the time a customer must travel, the parking condition, the quality of the check-out are major contributors to the overall store equity. Regarding the second and the third building block, they have majorly been researched together. The research can be segmented into two dimensions: features that address the strategic elements of a store and features that address customers' emotional and sensory elements in a store. Concerning the first dimension, the research examined how the retail brand experience can be enhanced through elements such as packaging, private label, efficient customer billing, application forms or consumer-facing points of sale, as well as the general recommendations of in-store staff (Khan & Rahman, 2016). Recent studies have even started incorporating digital possibilities to increase the brand experience and brand equity of a store. For instance, Baek, Choo, Wei, & Yoon (2020) have investigated how virtual tours in a store impact the brand experience. The major findings reveal that the virtual tour is a powerful branding tool to increase brand equity as it directly increases the intentions to visit the store. Other researchers such as Putra, Aprilia, & Aulia (2019) have conducted a study and found out that the overall atmosphere of a cafe has a positive and significant effect on the purchasing decision of customers. Regarding the second dimension that addresses the emotional side of the brand experience, there has been similar research. Rodrigues & Brandão (2021) for instance, have analysed the performance of IKEA and found that customers' standardised brand experience at IKEA increased their brand love, mediating the relationship between brand experience and word of mouth. Other literature pieces have focused on innovative features in store to address the emotional brand experience of customers, such as Murray, Teller, & Elms (2019) that found out that novelty in stores increased the aesthetic pleasure of customers. However, they also found that this is mostly applied to consumers that place greater value on the importance of design. Customers with less design value orientation were not that much impacted. Similar findings were reported by Vukadin, Wongkitrungrueng, & Assarut (2018) that investigated if artistic elements in a store increased store performance. The findings included that it increased the store perceived differentiation and the perceived values of offering and customer satisfaction but did not significantly increase store performance as it mostly addressed customers that put high importance on in-store design. Following the literature review of the in-store experience, we can define our second hypothesis and expand our third hypothesis:

H2: There is a positive impact of in-store marketing efforts on brand trust

H3b: There is a positive impact of brand trust on brand equity (in-store)

2.4 Relationship between store atmosphere, online experience, and brand equity

Focusing now on the aspect that represents the key to this dissertation, we see a lack of research on this topic. A few papers have attempted research in this segment but did not focus on the alignment and misalignment. For instance, Bleier & Eisenbeiss (2015) have researched the different impact of online and offline advertising on brand equity. They found that online advertising is more effective when it comes to targeting customers with personalised advertising, whereas offline advertising is more effective when it comes to brand building. Other researchers have attempted similar research, such as Dinner, van Heerde, & Neslin (2014), that analysed the joint effect of online display paid search and offline advertising. They found that cross-elasticities are similar to own-effect elasticities. Sridhar, Germann, Kang, & Grewal (2016) examined and compared the impact of online regional and national advertising and found out that the independent effect was higher than the joint effects. Lastly, Sridhar & Sriram (2015) examined the potential cannibalisation of offline and online advertising and found that as the effect of online increases simultaneously, the offline decreases. The probably closest research that comes to the proposed research question of this thesis is the research of Bayer, Srinivasan, Riedl, & Skiera (2020). The research examined the different effects of online display and paid research advertising relative to offline advertising on the overall company performance and value. With the examination of the expenditures of 1,651 firms over seven years, they found that both online display and paid research advertising have a higher positive effect on firm value and performance than offline advertising. Despite analysing the effect of online and offline advertising on company performance and brand equity separately or a joint construct, none of the researchers has examined how the alignment of online and offline advertising impacts brand equity and thus, this dissertation offers a new perspective on this subject. Following the literature review of the relation between online and offline experiences, we can define our last hypothesis:

H4: Alignment between online and in-store marketing efforts will result in higher brand equity

2.5 Brand Lidl

The German discount retailer Lidl (founded in 1973) has been selected for the empirical research because, in addition to its traditional forms of advertising (flyers, newspapers, and TV commercials) under the Lidl slogan "Lidl lohnt sich." ("Lidl is worth it."), Lidl is also represented on the internet. Besides various service portals such as photo service, flower delivery service, and travel portal, non-food items for the home and garden can also be ordered from the online store. Currently, Lidl follows a new advertising strategy, whereby the focus is no longer primarily on the low price but the quality of the products. Together with the visual upgrading of the stores, the company is thus aiming to move away from being perceived purely as a discount store. Thus, it matches the purpose of our research to analyse how customers react when facing such marketing messages through online channels and afterwards experiencing the brand in real life through in-store (Lidl, 2021).

3 Methodology

3.1 Research Method

The framework in Figure 1 illustrates the theoretical context of the empirical analysis. As the construct shows, the inputs distinguished between online (e.g. social media) and in-store (in-store experience) marketing efforts reach individuals as information which is then processed and translated into a quantifiable opinion and then measured by a scale. Subsequently, the developed attitude leads to a formation of brand trust. Finally, the consequences of the exposure to both marketing communication channels and the subsequent formation of brand trust on the creation of brand equity are measured.

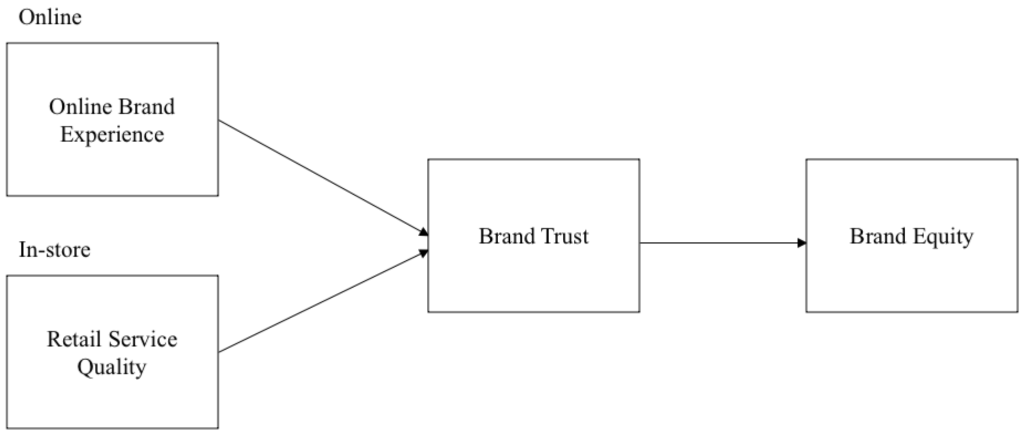

Figure 1. Research Model

Based on the developed hypotheses, quantitative data was collected through survey application to measure the relationships between the framework elements. The quantitative questionnaire consisting of closed questions was split into two parts, measuring the online and the in-store customer experience. For this purpose, the respondents were provided with a Likert scale ranging from “1 = strongly disagree” to “7 = strongly agree” to show their level of agreement with multiple statements referring to the framework’s elements. The questionnaire was developed based on existing literature and consists of scales described in the following sections. The relationship between the elements will be examined using statistical methods, which is linear regressions and correlation.

Two questionnaires were generated using Google Forms, namely the questionnaire measuring the online experience and the questionnaire measuring the in-store experience and distributed via email, word-of-mouth, and social media such as Facebook groups. The first sample experiencing the brand firstly online was expected to browse the website of Lidl as well as its social media pages. This experience enabled the respondents a familiarisation with Lidl and, at the same time, the beginning of brand trust and brand equity building. Afterwards, the respondent should answer the first part of the survey and proceed to the second part of the questionnaire measuring the in-store experience. Before answering the questions of this part, the respondent should drive to a Lidl store, ideally on the same day, to keep the impressions in mind from the online experience and experience a grocery shopping tour. The questionnaire's precise instructions were given so that the respondents did not start the second questionnaire until after they have visited the brand's physical store. The second part of the questionnaire measuring the in-store experience was also distributed to the second sample that was expected to visit Lidl and shop there. Thus, they represented the control group and enabled a comparison of the results of both questionnaires and thus, to measure if there was an increase or decrease in brand equity when encountering the brand through in-store and whether online marketing efforts contributed to brand equity creation. Both questionnaires can be found in the appendix (see Appendix 7.5). The questionnaires followed ethical guidelines in their creation, distribution and analysis since the demographic part only asks for gender, year of birth and occupation, so the answers cannot be reconducted to the respondents.

3.2 Sample

Moreover, the chosen sample is represented by Millennials. Despite the restriction of generalised conclusions, this generation was chosen due to their reliance on technological means for various purposes (Immordino-Yang, Christodoulou, & Singh, 2012), appreciation of brands (Lazarevic, 2012) and their frequent use of social media (Bento, Martinez, & Martinez, 2018). To avoid the risk of biased respondents who constantly encounter the brand, the first question in the questionnaire, asking whether the respondent had encountered the brand in the last three years, had the purpose of excluding these constructs from the data analysis. Furthermore, respondents who were not born within the 1990-to-1999-time span, and thus not referring to Millennials, were excluded as well. Also, suspicious response patterns were detected that show the same scale item for many questionnaire questions (Hair, Hult, Ringle, & Sarstedt, 2017) and excluded. In this case, the questionnaire results have been reduced by 213 in total, leading to a smaller sample size, which enabled a higher data quality. As a result, the final sample size was 103 (sample 1) and 105 (sample 2). The summary of demographics can be found in the appendix (see Appendix 7.1).

3.3 Measurement Instruments

The six-dimensional scale named Online Brand Experience (Cleff, Walter, & Xie, 2018) seeks to determine the interactive nature of the brand's online experience as well as the user's website engagement and how the user perceives brand-related stimuli such as designs, colours, brand characters etc. The scale is appropriate in the research context because through different experience dimensions (Behavioral, Usability, Sensory, Affective, Cognitive and Relational), brand equity is formed and measured by its referring questions, such as "I like the design of the website (website layout, color ...)".

The chosen scale Retail Service Quality was developed by Kaul (2007), consisting of five dimensions: Physical Aspects, Reliability, Personal Interaction, Problem Solving, and Policy. This scale measures the in-store marketing efforts in the form of convenient store layout and the service quality experienced by customers. Of the 28 items of the scale, two were considered inapplicable for integration in the grocery retail context and thus excluded in the questionnaire. The reason for this is that Lidl does not perform any services, and the respondents were not experiencing any customer service through the telephone.

The scale Brand Trust was included in both questionnaires to analyse if there is any change in consumers' perception when comparing before and after the in-store experience. Subsequently, we have analysed how it impacts brand equity which is also measured in both questionnaires. Brand Trust (Li, Zhou, Kashyap, & Yang, 2008) is a multi-dimensional construct with different levels such as overall brand trust and trust in specific aspects of the brand like in this scale competence and benevolence. It seeks to discover if the brand gives the customer a convincing impression by questions such as “I expect this brand to deliver on its promise”.

The scale Consumer-based Brand Equity (Yoo & Donthu, 2001), with its two dimensions, Perceived Quality and Brand awareness/associations, analyses whether the brand has made a positive impression on the customer's memory through questions such as "The likely quality of Lidl is extremely high". As already stated in the Literature Review, brand loyalty presumes that the brand has already been encountered before, which does not meet the requirements for the experiment in the research. Therefore this dimension has been excluded as measurement. In addition, to prevent negative Cronbach's alpha indicating inconsistent responses, the score of the item "I have difficulty in imagining Lidl in my mind" framed in a negative way has been reversed so that the 7-point Likert scale changed to "7 = strongly disagree" and "1 = strongly agree".

For all dimensions, the acceptable value for Cronbach's Alpha was considered to be approximately 0.6, as recommended in the literature to ensure internal consistency of elements within the scale (Loewenthal, 2001). The validation of the scales and their dimensions revealed good values ranging from 0.559 to 0.947 (see Appendix 7.3). The scales were tested through regression analyses and t-tests to evaluate their relationships. To test the H0, that can be interpreted as there is no effect, the significance level was set at 0.05 which is the generally accepted threshold for statistical tests.

4 Data Analysis

This chapter focuses on the statistical procedure used to analyse the collected data and to interpret the results. The analysis has been conducted using the statistical software SPSS.

4.1 Quantitative Analysis

As the next step, the variables of each dimension of each online and in-store construct were summed by calculating their mean. Consequently, the online brand experience variables were reduced to their six scale dimensions; the retail service quality variables were reduced to six dimensions; the brand trust variables were reduced to two dimensions; and lastly, the brand equity variables were reduced to two dimensions (see Appendix 8.2). Then, to analyse the interactions between the overarching variables, those representative variables were again combined by calculating their mean for each online variable (online brand experience, brand trust, brand equity) and in-store variable (retail service quality, brand trust, brand equity). Finally, the next step was to test the model hypothesised in the research. Linear regressions were used to identify potential relationships between the online and in-store constructs, which required verification of linearity, normality, homoscedasticity and correlated errors (Hair, Black, Babin, & Anderson, 2009). In addition, the interaction analysis was adopted following the guidelines of Hayes (2013) by generating a variable representing the outcome of the product of the independent variables. This variable indicates an increasing or decreasing effect of one variable when adding the other variable.

4.2 Sample 1 experiencing the brand through the online channel

Figure 2 (see Appendix 7.4) illustrates the brand elements being researched for the online experience. Firstly, the interaction between online brand experience and brand trust has been tested (see Appendix 7.6.1). The following regression model illustrates the verification of the first hypothesis (H1):

Brand Trust x = α + β Online Brand Experience + ε

Secondly, the interaction between brand trust and brand equity was tested (see Appendix 7.6.2). The following regression model illustrates the verification of the third hypothesis (H3a):

Brand Equity $x = \alpha + \beta$ Brand Trust + ε

For the tested regressions above, the F-test inside the ANOVA table shows a high significance with a value way below 5%, highlighting a significant influence from the independent variable on the dependent variable. Similarly, the coefficient table shows strong significance with a value below 5% for all linear regressions. This highlights that the null hypothesis, which states that there is no linear influence from the independent variable on the dependent variable, can be rejected. Thus we can assume that there is a positive linear relationship between online brand experience and brand trust, as well as brand trust and brand equity. Therefore, for the online experience, the hypotheses H1 and H3a can be confirmed.

4.3 Sample 1 experiencing the brand through in-store after the online experience

Figure 3 (see Appendix 7.4) demonstrates the brand elements being researched for the in-store experience. For the following in-store brand experience, first, the interaction between retail service quality and brand trust has been tested (see Appendix 7.7.1). The following regression model illustrates the verification of the second hypothesis (H2):

Brand Trust $x = \alpha + \beta$ Retail Service Quality + ε.

Lastly, the interaction between brand trust and brand equity was tested in the offline context as well (see Appendix 7.7.2). The following regression model illustrates the verification of the third hypothesis (H3b):

Brand Equity $x = \alpha + \beta$ Brand Trust + ε

Again, for the in-store experiment, the regressions above indicate in the F-test inside the ANOVA table a high significance with a value way below 5%. Consequently, a significant influence from the independent variable on the dependent variable can be concluded. Also, the coefficient table shows a strong significance with a value below 5% for all linear regressions again. Hence, the null hypothesis can be rejected. We can assume a positive linear relationship between retail service quality and brand trust and brand trust and brand equity. Thus, for the in-store experience, the hypotheses H2 and H3b can be confirmed.

4.4 Sample 2 (control group) experiencing the brand only through in-store

As the last step, for the control group's in-store brand experience, the same interactions have been tested as in the previous sample, namely the interaction between retail service quality and brand trust (see Appendix 7.8.1) and the interaction between brand trust and brand trust equity (see Appendix 7.8.2).

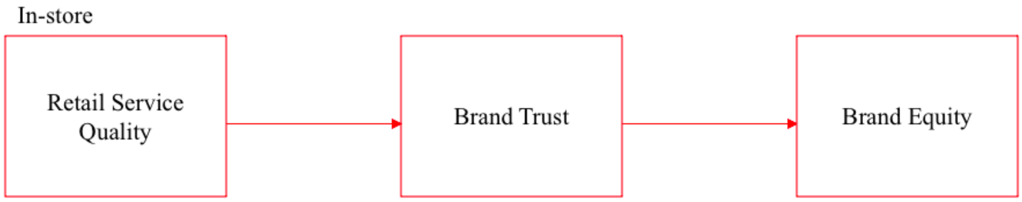

Figure 4. Control Group

Also, in the control group for the in-store experiment, the regressions above indicate in the F-test inside the ANOVA table a high significance with a value way below 5%. Consequently, a significant influence from the independent variable on the dependent variable can be concluded. Also, the coefficient table shows a strong significance with a value below 5% for all linear regressions again. Thus, the null hypothesis can be rejected. We can assume that there is a positive linear relationship between retail service quality and brand trust and brand trust and brand equity.

5 Discussion

5.1 Impact of online brand experience on brand equity

The findings of the tested relationship of online brand experience and brand trust are in line with the common literature on this topic. As mentioned in the literature review, research suggests that online brand experiences in the form of websites or social media positively affect building general brand trust. In our case, the increase of online brand experience results in an increase of 0.494 in brand trust. Moreover, the positive impact of brand trust is also supported in this research with an increase in brand equity of 0.342. As mentioned in the literature review, brand trust is shaped by trustworthy brands that can create a positive feeling for customers (Lassoued, Hobbs, Micheels, & Di Zhang, 2015). This means that the online presence of Lidl creates a consistent message that customers can trust. Lidl is able to produce online marketing content that is consistent with the brand image customers would expect when they hear the brand. Otherwise, customers would be confused, and we would not find a positive influence. Indeed, this is in line with the current online marketing strategy of Lidl, where they attempt to position themselves as a brand that is “approachable and “down to earth". Therefore, customers should feel engaged with the brand. Moreover, customers clearly feel that Lidl is able to fulfil the promises they make online. Recently, Lidl has started to invest more money in becoming a brand that stands for more than just affordable prices; they want to be known for excellent quality to motivate customers to come back (Byatt, 2021). We see here that customers believe this promise made by Lidl as they perceive this message to be based on benevolence rather than profit-oriented since prices remain relatively low.

5.2 Impact of in-store brand experience on brand equity (sample 1)

The findings of the regression of in-store brand experience are in line with the literature as there is a positive relationship between in-store brand experience, brand trust and brand equity. Similarly to the online experience regressions, Lidl is able to communicate a consistent and continuous message across its store since the increase of in-store experience is also positively correlated with brand trust with an increase of 0.794. Here we also see that the influence is stronger than the online experience increase in brand trust, which supports the findings of Keller (2001) that the in-store layout is one of the most essential features of a brand experience. Moreover, the findings of the influence of brand trust on brand equity are in line with the general literature with an increase of 0.684. It can be argued that the significant positive influence results from two key aspects. As shown in the sub dimensions, the highest score in in-store experience was achieved by convenience and policy. Convenience refers mainly to the store's layout, and policy refers to the quality of the merchandise, processing and parking spot availability. In the policy dimension, especially the availability of parking spot was rated very high. This is in line with Lidl's overall store strategy as they are located in industrial areas where they can offer a large number of parking spots and have a structured store layout that facilitates the store experience of customers (Numerator, 2017). Following the interpretation of the findings, it is now worth assessing whether there is an alignment or a misalignment between the online and in-store brand experience by comparing the means of sample 1. Thus, a sample t-test was conducted to compare the means of brand trust and brand equity. The findings (see Appendix 7.9) show that both means are statistically different for each tested means with a sig of 0.000. The exciting conclusion we can take is that for both constructs, the result of online brand experience is consistently higher than the result after the in-store experience. For the brand trust, the mean of online brand experience was at 5.34 compared to 5.18 for in-store. After seeing the online positioning of Lidl customers, we can assume that Lidl customers crafted a picture and promise of Lidl that they trusted and that was not completely fulfilled after the in-store experience. This potentially shows that Lidl’s promises online and in-store are not entirely consistent. Lastly, the brand equity was also diluted after the in-store experience from 5.80 to 5.32. This being the most significant drop of the two constructs clearly shows that customers' expectations were not met in their in-store, confirming our initial hypothesis that there might be a misalignment between online and in-store communication for Lidl. The reasoning behind this cannot be fully explained with the findings of this thesis, mainly because there is a positive influence of in-store brand experience on brand trust and brand equity. A possible reason can be that the influence of in-store is way greater than the influence of online brand experience, as can be seen in the above paragraph. Consequently, one could argue that a disappointing in-store experience can easily offset the additional influence of online experience on brand equity.

5.3 Impact of in-store brand experience on brand equity (sample 2)

The findings of sample 2 (control group) are mostly in line with the first sample findings. There is a positive influence between in-store experience and brand trust with 0.761. Similarly, there is a positive relationship between brand trust and brand equity with 0.730. Following the findings that the positive relationships are given in the control group, it is now crucial to analyse the different means between sample 1 and sample 2 to evaluate the key research question of this thesis. The analysis of the means of the created brand trust and brand equity following the in-store experience in sample 1 (with previous online experience) and sample 2 (no previous online experience) will help us to evaluate whether the misalignment of online experience and in-store experience identified above has a negative impact. To assess this, an independent t-test was performed with the means in sample 1 and sample 2 (see Appendix 7.10). For both constructs, we can see in the Levene's Test for Equality of Variances that the sig. is not significant, which can be translated into that the variances are the same (brand trust = 0.235, brand equity = 0.9269). This is a prerequisite to be able to interpret the independent t-test. The t-test shows that the means are not statistically different for both constructs. Brand trust at a level of 0.719 and brand equity at a level of 0.513. These findings are very interesting as it shows that our initial research question can be answered. The initial hypothesis was aligned promises between online and in-store marketing efforts will result in higher brand equity. Our analysis indeed reveals that the in-store brand experience completely removed brand trust and brand equity crafted by the online brand experience. Thus, it can be interpreted that there is a misalignment between the promises made online and offline by Lidl since clearly online experience is able to create positive brand trust and brand equity. After the in-store experience, the created brand trust and brand equity were reduced, as shown in paragraph 5.2. Since the second sample had exactly the same means and potentially might even have higher means (which could be proven through further research), our initial H4 hypothesis can be partially accepted as a misalignment results in same and potentially lower brand equity. Moreover, it can be said that there was no disappointment for customers who encountered the brand in-store without the online experience. As such, the means were significantly not different. This highlights that a misaligned online experience results in no additional advantages and could be considered as a wrong investment by Lidl. A potential explanation for this can be that through Lidl's new emphasis on quality in the last years, its online presence has shifted more towards high-quality advertising. Store layouts have, in contrast, remained relatively similar with the same shelve structure, employees, and the overall warehousing flair inside the shop. Customers are likely to be disappointed with this experience. In contrast, customers that went just to the shop were not disappointed. Moreover, our research shows us that a major part of brand trust and brand equity is crafted through in-store experiences and not through online marketing channels. The online experience can easily create promises that are difficult to keep in-store. This is in line with the literature that online experiences are more likely to create brand awareness (Risius & Beck, 2015) and that store experiences are more likely to result in purchase decisions and long-term loyalty. This is probably since in-store experiences are more likely to create more memorable brand experiences since customers are more immersed and confronted with the brand (Burt, Johansson, & Thelander, 2011).

5.4 Theoretical and managerial implications

Following the analysis and the discussion above, we can derive three main recommendations that can be used for further research or a managerial implication. Firstly, retailers should not underestimate the impact that in-store experiences have on their brand experiences. As seen in the discussion, a negative in-store experience, especially when not aligned with online experiences, can negatively impact brand equity. Nonetheless, we have also seen that in-store experience is a major contributor to building brand equity. Thus, the first recommendation is for retailers to ensure an adequate investment is put into in-store experiences. Secondly, retailers should ensure that their marketing channels are aligned to avoid customer disappointment. It is easy for companies to create a great and highly promising advertisement. However, these can quickly lead to promises that companies cannot fulfil in their in-store experience. Consequently, the second recommendation is that companies should carefully choose the online channels they are using. Highly graphical visualisation that requires high creativity, like on social media, might not always be the best communication platform. Moreover, the advertisement should be aligned on the USP of the in-store experience to ensure adequate expectation building. Lastly, retailers should effectively track the success of their marketing activities. Our research has shown that Lidl might be making wrong investments that have no impact on their brand equity. Only when companies actively track the performance of their channels, they can make efficient strategic decisions. The online environment is changing fast, and so are the preferences of customers. Therefore, the third recommendation is that to stay ahead of the wave, retailers should continuously invest in new means and at the same time keep monitoring their success.

5.5 Limitations of the Empirical Analysis

During the analysis, some limitations emerged. The first one is the current pandemic that has influenced the in-store availability of many stores. As many brands had to close their stores (e.g. clothing stores), it was essential to choose a brand that the respondents can visit in-store. The only safe option was, therefore, a grocery brand. However, supermarkets are part of everyday life, and due to the small variety of brands, it is not possible to find a completely unknown brand among respondents. Thus, the questionnaires were first filtered by the first question of whether the respondents have actively been engaged with Lidl in the last three years. This number of years has been chosen due to an assumption about how much time it takes to decrease brand associations after the last engagement. Another limitation is the distribution of the questionnaires that happened through word-of-mouth as well as links shared in several social media groups, such as Facebook groups, so the research was mainly based on trust that the respondents fulfilled the requirements presented in the questionnaire and being essential for the purpose of this research. Furthermore, due to time constraints, only a quantitative study could be considered. A qualitative approach could be added to further research to increase the flexibility of responses and provide further evidence. Lastly, although the literature recommends Cronbach's alpha to be above 0.6 to ensure internal consistency of elements within the scale, four results, despite being slightly below this value (Usability, Brand awareness/associations, Reliability and Policy) were accepted for the experiment as they were only slightly under 0.6 and could be rounded up.

5.6 Suggestions for future research

Following the implications and the limitations, four suggestions for future research can be derived. Firstly, the research could be reproduced based on the example of a new-entry brand opening a new store and is therefore unknown to the public. In this way, the brand image formation could be analysed without any bias from the customer's side. Secondly, as the sample of this study is restricted to Millennials, the study findings cannot be generalised to people with different characteristics. Hence, a possible future study could broaden the sample by size and type. Thirdly, this research could be replicated using not only one retailer but enlarge the scope to incorporate more and distinctive retailers such as FMCG and premium retailers instead of only a discounter. This could help determine if digital marketing channels are managed differently or whether there is a potential best practice to manage digital marketing channels to ensure they are in line with offline activities. Lastly, future research could also focus on examining which aspect of digital activities has the most significant impact on brand equity and creating high expectations to help retailers understand which aspect of their in-store activities they need to align.

5.7 Conclusion

In conclusion, this paper has focused on the current changing market condition pulling retailers increasingly into the world of digital marketing activities. While this new environment offers retailers new possibility to market their brands, they also hide challenges such as the potential to neglect their offline marketing activities. Our findings showed that while online experience significantly impacts brand trust and brand equity, its effect is entirely diluted if the customers are disappointed by the following in-store encounter. Our research findings have various managerial implications, the most crucial being that online and offline activities need to be aligned to avoid that customers build wrong expectations of a brand after encountering them online. Drawing on the example of Lidl, we can conclude that the new advertising strategy turning the attention from low prices to the quality of products creates expectations that cannot be fulfilled when the customer experiences the brand in-store and recognises the classification in the discount segment. Thus, an alignment would further avoid that brands make high investments into their online activities to find out they have little to no effect on their brand equity.

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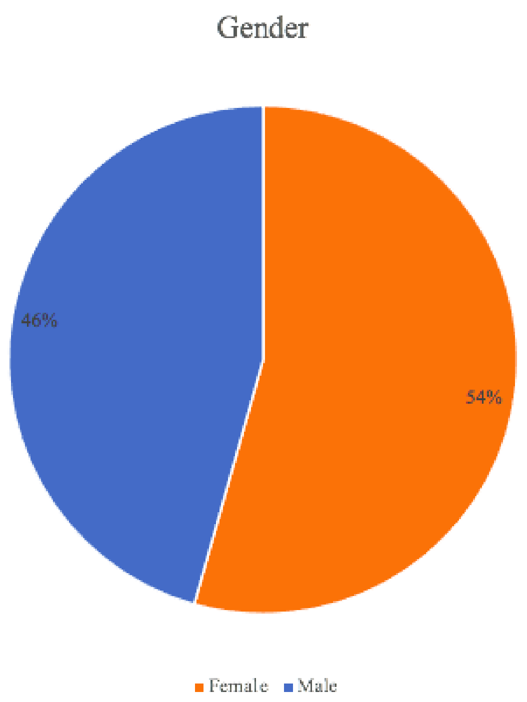
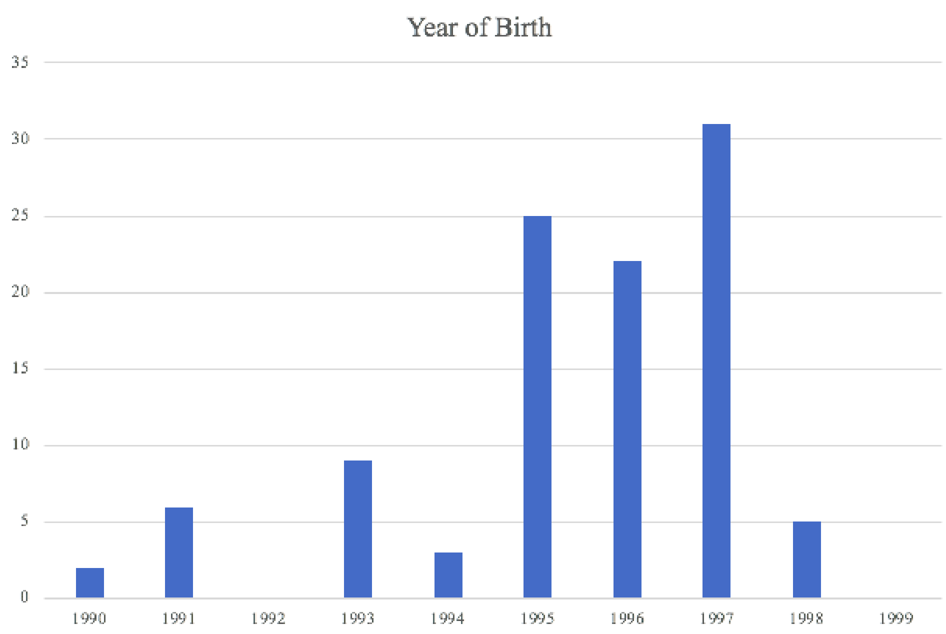
7 Appendix

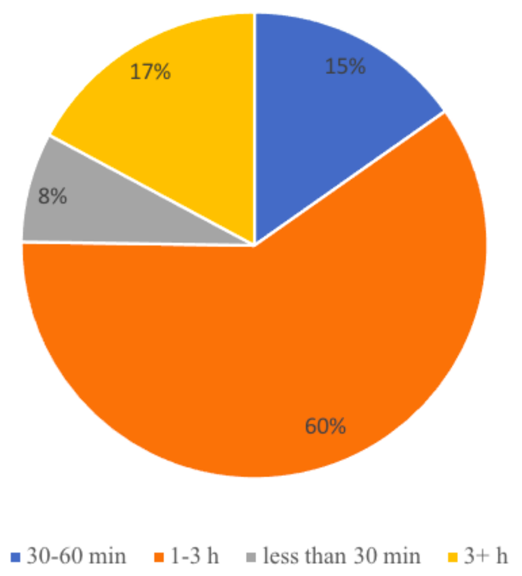
7.1 Demographics (Gender, Year of Birth, Time spent on social media (per day), Frequency of grocery shopping, Competitors of Lidl followed on social media)

7.1.1 Sample 1

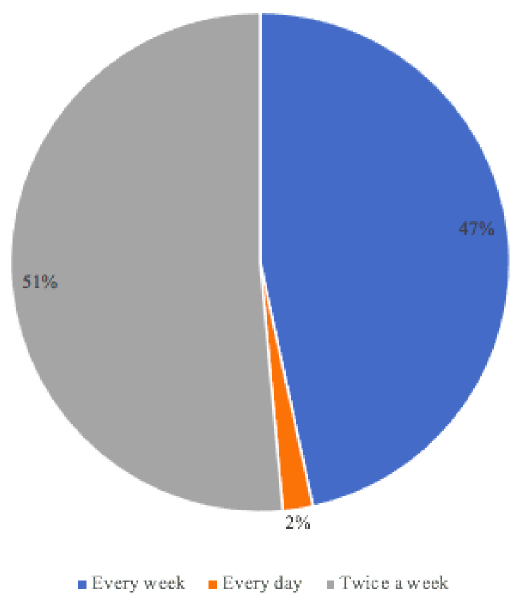


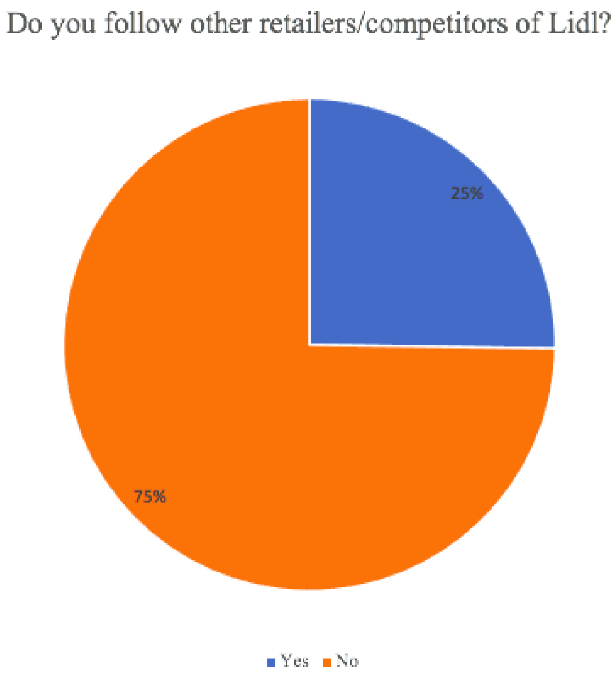


Time spent on social media (per day)

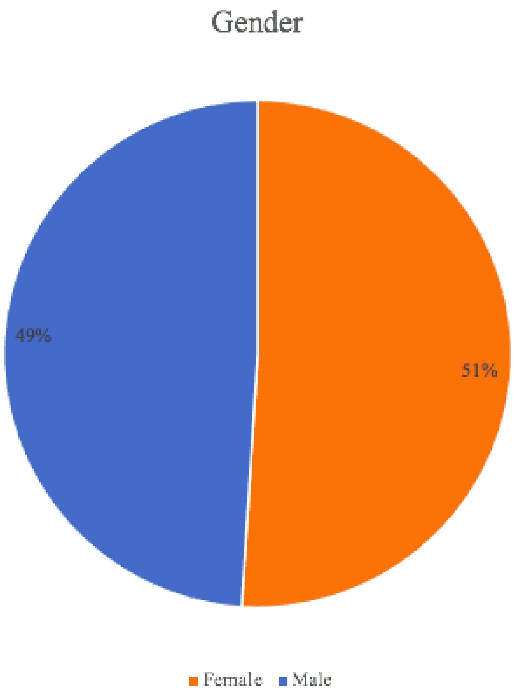


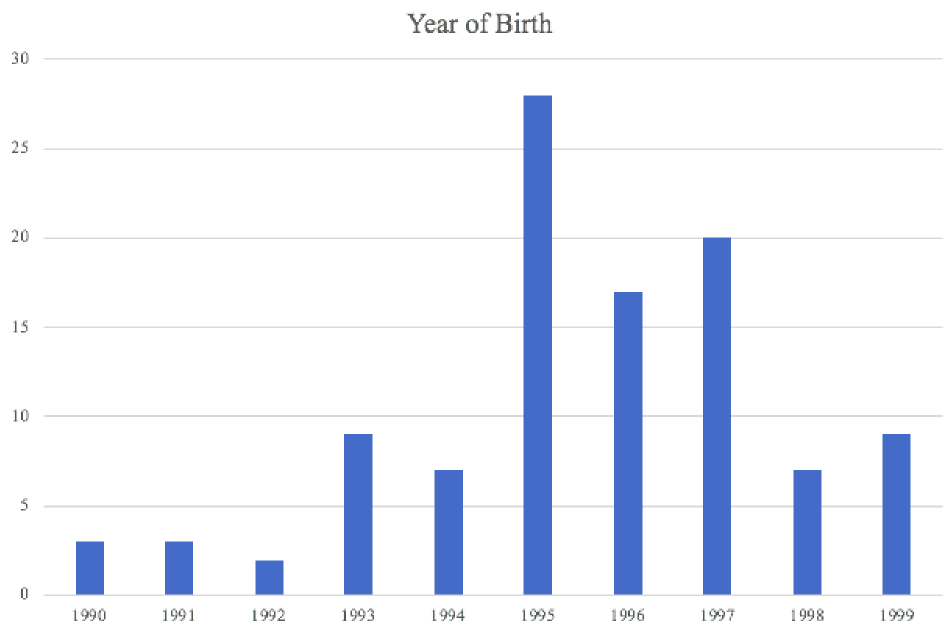
Frequency of grocery shopping

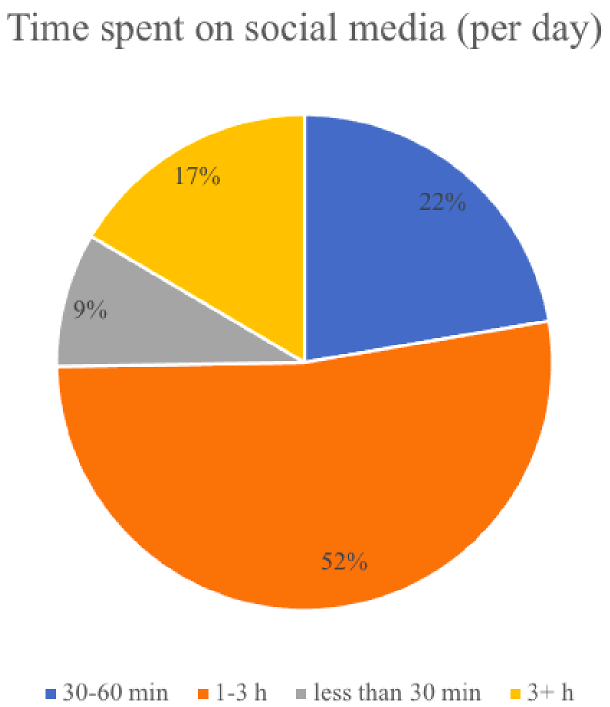


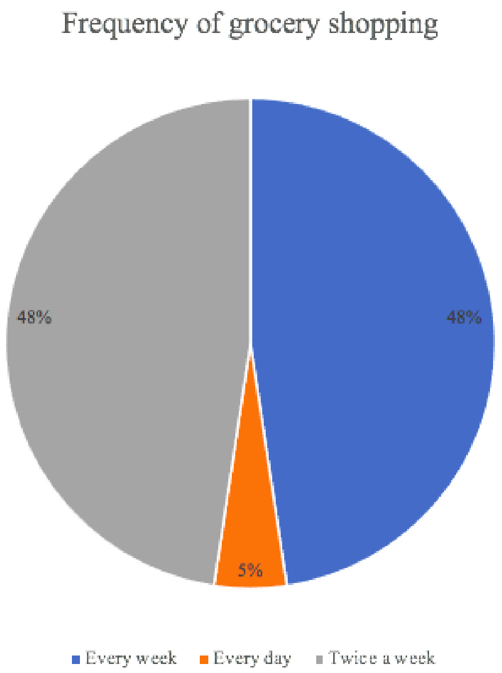

Do you follow other retailers/competitors of Lidl?
25%
75%
Yes
No

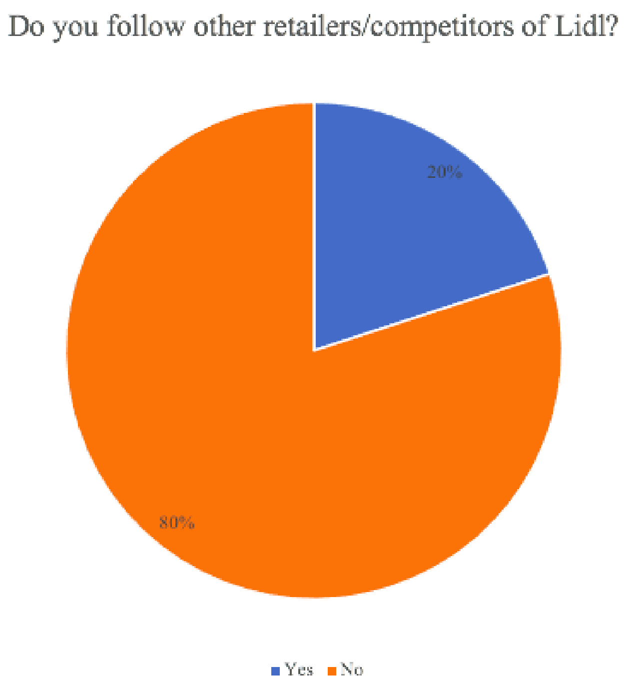
7.1.2 Sample 2


Gender
49%
51%
Female
Male


Year of Birth
30
25
20
15
10
5
0
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999


Time spent on social media (per day)
17%
22%
9%
52%
30-60 min
1-3 h
less than 30 min
3+ h





7.2 Scales

<u>Online Brand Experience</u> (Cleff, Walter, & Xie, 2018)

Scale dimension	Scale item
Behavioral	I make comments on the social media page
	I post my experience (pictures, shopping tips) on social media
	I participate in the online activities
Usability	The pages on the website usually load quickly
	Navigation on the website is consistent and simply
	The online functions are easy to understand and use
	The web content is easy to read and understand
Sensory	I find the website visually impressive
	I like the design of the website (website layout, color ...)
	The animations on the website are dynamic and pleasant
	The pictures on the website are eye-catching
	No disturbing advertisement on the website
Affective	The page appeals to my emotions
	I feel secure to purchase through the website
	The website evokes my curiosity
	I feel the website inspiring
	I feel the time pass quickly when I browse the website
Cognitive	I find the website informative and educating
	I find the information valuable and stimulate thinking
	I have gained a better understanding about the offers
Relational	The users of the website (brand) share a similar lifestyle
	The users of the website (brand) share a similar interest
	The users can get in contact with other users though the website/social media
	The users can create groups or initiate activities though the website/social media

<u>Dimensions of retail service quality scale for the retail outlet</u> (Kaul, 2007)

Scale dimension	Scale item
Physical aspects	The store has modern-looking equipment and fixtures
	The store and its physical facilities (trial rooms and restrooms) are visually attractive
	Materials associated with this store's service (such as shopping bags, loyalty cards, and catalogues) are visually appealing
	The store has clean, attractive, and convenient physical facilities (restrooms, fitting rooms)
	The layout of the store makes it easier for customers to find what they need
	The layout of the store makes it easier for customers to move around in the store
Reliability	When the store promises to do something (such as repairs, alterations) by a certain time, it will do so
	The store provides its services at the time it promises to do so
	The store performs the service right the first time
	The store has merchandise available when the customers want it
	The store insists on error-free sales transactions and records
Personal Interaction	Employees in the store have the knowledge to answer customers' questions
	The behaviour of employees in the store instils confidence in customers
	Customers feel safe in their transactions with this store
	The employees in the store give prompt service to customers
	Employees in the store tell customers exactly when services will be performed
	Employees in the store are never too busy to respond to customer's requests
	The store gives customers individual attention
	Employees in the store are consistently courteous with customers

Problem Solving	The store willingly handles returns and exchanges
	When a customer has a problem, the store shows a sincere interest in solving it
	Employees of the store are able to handle customer complaints directly and immediately
Policy	The store offers high quality merchandise
	The store provides plenty of convenient parking for customers
	The store has operating hours convenient for all their customers
	The store accepts all major credit cards
	The store has its own credit card

Brand trust (Li, Zhou, Kashyap, & Yang, 2008)

Scale dimension	**Scale item**
Competence	This brand does a good job
	I expect this brand to deliver on its promise
	I am confident in this brand's ability to perform well
	The quality of this brand has been very consistent
Benevolence	This brand has good intentions towards its customers
	This brand will respond constructively if I have any product-related problems
	This brand would do its best to help me if I had a problem
	This brand cares about my needs
	This brand gives me a sense of security

Brand Equity (Yoo & Donthu, 2001)

Scale dimension	**Scale item**

Perceived quality	The likely quality of (brand X) is extremely high
	The likelihood that (brand X) would be functional is very high
Brand awareness/ associations	I can recognise (brand X) among other competing brands
	I am aware of (brand X)
	Some characteristics of (brand X) come to my mind quickly
	I can quickly recall the symbol or logo of (brand X)
	I have difficulty in imagining (brand X) in my mind

7.3 Cronbach's Alpha

Table 1. Cronbach's Alpha Values for Online experience

Variables	**Dimension**	**Cronbach's Alpha**
Q1-3	Behavioral (online brand experience)	0.874
Q4-7	Usability (online brand experience)	0.574
Q8-12	Sensory (online brand experience)	0.800
Q13-17	Affective (online brand experience)	0.797
Q18-20	Cognitive (online brand experience)	0.773
Q21-24	Relational (online brand experience)	0.739
Q25-28	Competence (online brand trust)	0.825
Q29-33	Benevolence (online brand trust)	0.760
Q34-35	Perceived quality (online brand equity)	0.761

Q36-40	Brand awareness/ associations (online brand equity)	0.572

Table 2. Cronbach's Alpha Values for In-store experience

Variables	**Dimension**	**Cronbach's Alpha**
Q1-6	Physical aspects (retail service quality)	0.752
Q7-11	Reliability (retail service quality)	0.591
Q12-18	Personal interaction (retail service quality)	0.837
Q19-21	Problem solving (retail service quality)	0.629
Q22-26	Policy (retail service quality)	0.559
Q27-30	Competence (in-store brand trust)	0.785
Q31-35	Benevolence (in-store brand trust)	0.763
Q36-37	Perceived quality (in-store brand equity)	0.697
Q38-42	Brand awareness/ associations (in-store brand equity)	0.702

Table 3. Cronbach's Alpha Values for In-store experience (control group)

Variables	**Dimension**	**Cronbach's Alpha**
Q1-6	Physical aspects (retail service quality)	0.828

Q7-11	Reliability (retail service quality)	0.644
Q12-18	Personal interaction (retail service quality)	0.849
Q19-21	Problem solving (retail service quality)	0.757
Q22-26	Policy (retail service quality)	0.833
Q27-30	Competence (in-store brand trust)	0.747
Q31-35	Benevolence (in-store brand trust)	0.791
Q36-37	Perceived quality (in-store brand equity)	0.669
Q38-42	Brand awareness/ associations (in-store brand equity)	0.689

7.4 Research Model

Figure 2. Sample 1 experiencing the brand through online channels

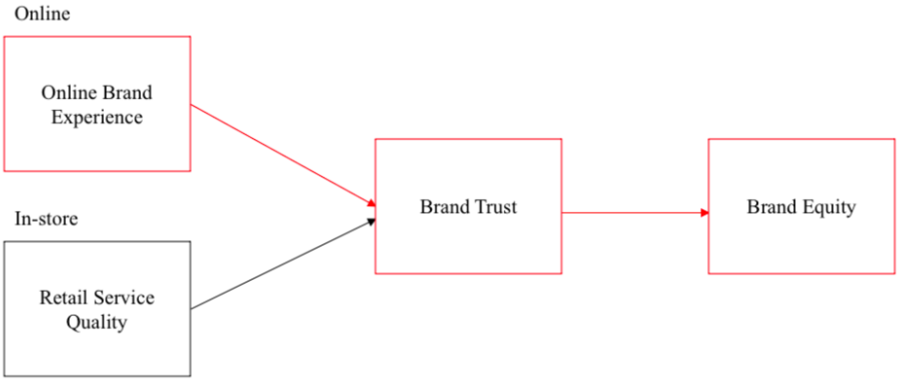
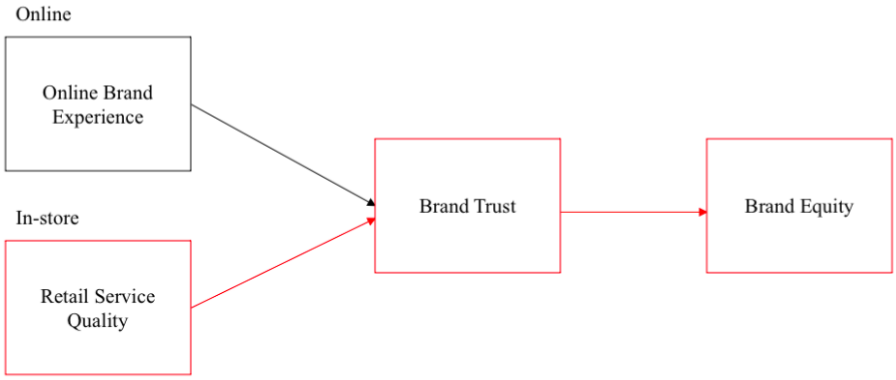


Figure 2. Sample 1 experiencing the brand through in-store



7.5 Questionnaire Example

An example of the questionnaire for the first sample (online and in-store) is provided below. For the second sample (in-store) the structure and the questions are the same as in the in-store part for the first sample.

Questionnaire Online – In-store

Instruction: First please browse through the online channels of LIDL (e.g. Instagram, Facebook, YouTube) and fill out the first part of this questionnaire afterwards.

Then please visit a LIDL store and fill out the second part of this questionnaire afterwards as well.

PART 1 – AFTER ENCOUNTERING LIDL THROUGH ONLINE CHANNELS

Hello, and thank you for participating in this questionnaire.

The purpose of the questions below is to assess LIDL's ability to communicate its brand and offerings online. I ask you to answer the questions instinctively and honestly.

I also want to reassure you that your answers will be treated anonymously and thus your privacy is fully respected! For further information, do not hesitate to contact me (41889@novasbe.pt).

For the following questions, answer on a scale of 1-7 based on how much you agree or disagree with the statement (1 = strongly disagree, 7 = strongly agree).

Pre-questions:

Have you been actively engaged with LIDL in the last three years?

Yes

No

Year of Birth

____

	1	2	3	4	5	6	7
Q1 I make comments on the social media page							
Q2 I post my experience (pictures, shopping tips) on social media							
Q3 I participate in the online activities							
Q4 The pages on the website usually load quickly							
Q5 Navigation on the website is consistent and simply							
Q6 The online functions are easy to understand and use							
Q7 The web content is easy to read and understand							
Q8 I find the website visually impressive							
Q9 I like the design of the website (website layout, color ...)							

Q10 The animations on the website are dynamic and pleasant							
Q11 The pictures on the website are eye-catching							
Q12 No disturbing advertisement on the website							
Q13 The page appeals to my emotions							
Q14 I feel secure to purchase through the website							
Q15 The website evokes my curiosity							
Q16 I feel the website inspiring							
Q17 I feel the time pass quickly when I browse the website							
Q18 I find the website informative and educating							
Q19 I find the information valuable and stimulate thinking							
Q20 I have gained a better understanding about the offers							
Q21 The users of the website (LIDL) share a similar lifestyle							
Q22 The users of the website (LIDL) share a similar interest							
Q23 The users can get in contact with other users though the website/social media							
Q24 The users can create groups or initiate activities though the website/social media							

	1	2	3	4	5	6	7

Q25 LIDL does a good job							
Q26 I expect LIDL to deliver on its promise							
Q27 I am confident in LIDL's ability to perform well							
Q28 The quality of LIDL has been very consistent							
Q29 LIDL has good intentions towards its customers							
Q30 LIDL will respond constructively if I have any product-related problems							
Q31 LIDL would do its best to help me if I had a problem							
Q32 LIDL cares about my needs							
Q33 LIDL gives me a sense of security							

	1	2	3	4	5	6	7
Q34 The likely quality of LIDL is extremely high							
Q35 The likelihood that LIDL would be functional is very high							
Q36 I can recognise LIDL among other competing brands							
Q37 I am aware of LIDL							
Q38 Some characteristics of LIDL come to my mind quickly							
Q39 I can quickly recall the symbol or logo of LIDL							

Q40 I have difficulty in imagining LIDL in my mind (7 = strongly disagree, 1 = strongly agree)							

PART 2 – AFTER VISITING THE LIDL STORE

Hello, and thank you for participating in this questionnaire.

The purpose of the questions below is to assess LIDL's ability to communicate its brand and offerings through its stores. I ask you to answer the questions instinctively and honestly.

I also want to reassure you that your answers will be treated anonymously and thus your privacy is fully respected! For further information, do not hesitate to contact me (41889@novasbe.pt).

For the following questions, answer on a scale of 1-7 based on how much you agree or disagree with the statement (1 = strongly disagree, 7 = strongly agree).

	1	2	3	4	5	6	7
Q1 The store has modern-looking equipment and fixtures							
Q2 The store and its physical facilities are visually attractive							
Q3 Materials associated with this store's service (such as shopping bags, loyalty cards, and catalogues) are visually appealing							
Q4 The store has clean, attractive, and convenient physical facilities							
Q5 The layout of the store makes it easier for customers to find what they need							

Q6 The layout of the store makes it easier for customers to move around in the store							
Q7 When the store promises to do something (such as repairs, alterations) by a certain time, it will do so							
Q8 The store provides its services at the time it promises to do so							
Q9 The store performs the service right the first time							
Q10 The store has merchandise available when the customers want it							
Q11 The store insists on error-free sales transactions and records							
Q12 Employees in the store have the knowledge to answer customers’ questions							
Q13 The behaviour of employees in the store instils confidence in customers							
Q14 Customers feel safe in their transactions with this store							
Q15 The employees in the store give prompt service to customers							
Q16 Employees in the store are never too busy to respond to customer’s requests							
Q17 The store gives customers individual attention							
Q18 Employees in the store are consistently courteous with customers							
Q19 The store willingly handles returns and exchanges							
Q20 When a customer has a problem, the store shows a sincere interest in solving it							

Q21 Employees of the store are able to handle customer complaints directly and immediately							
Q22 The store offers high quality merchandise							
Q23 The store provides plenty of convenient parking for customers							
Q24 The store has operating hours convenient for all their customers							
Q25 The store accepts all major credit cards							
Q26 The store has its own credit card							

	1	2	3	4	5	6	7
Q27 LIDL does a good job							
Q28 I expect LIDL to deliver on its promise							
Q29 I am confident in LIDL's ability to perform well							
Q30 The quality of LIDL has been very consistent							
Q31 LIDL has good intentions towards its customers							
Q32 LIDL will respond constructively if I have any product-related problems							
Q33 LIDL would do its best to help me if I had a problem							
Q34 LIDL cares about my needs							

Q35 LIDL gives me a sense of security							

	1	2	3	4	5	6	7
Q36 The likely quality of LIDL is extremely high							
Q37 The likelihood that LIDL would be functional is very high							
Q38 I can recognise LIDL among other competing brands							
Q39 I am aware of LIDL							
Q40 Some characteristics of LIDL come to my mind quickly							
Q41 I can quickly recall the symbol or logo of LIDL							
Q42 I have difficulty in imagining LIDL in my mind (7 = strongly disagree, 1 = strongly agree)							

Demographics

Your gender

Male

Female

Prefer not to say

Your occupation

____

How much time do you spend on social media per day (Instagram, Facebook, Twitter, YouTube, ...)?

Less than 30 min

30-60 min

1-3 h

3+ h

How often do you do grocery shopping?

Once per month

Twice per month

Every week

Twice a week

Every day

Q15 Do you follow other retailers or competitors of LIDL on social media? If yes, which ones?

____

The questionnaire is over, thank you for your collaboration and your time!

7.6 SPSS Output – Online

7.6.1 Interaction between Online Brand Experience and Brand Trust

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Online brand experience[b]	.	Enter

a. Dependent Variable: Online brand trust

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518[a]	.269	.261	.626651

a. Predictors: (Constant), Online brand experience

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.574	1	14.574	37.113	.000[b]
	Residual	39.662	101	.393		
	Total	54.236	102			

a. Dependent Variable: Online brand trust

b. Predictors: (Constant), Online brand experience

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.072	.378		8.118	.000
	Online brand experience	.494	.081	.518	6.092	.000

a. Dependent Variable: Online brand trust

7.6.2 Interaction between Brand Trust and Brand Equity

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Online brand trust[b]	.	Enter

a. Dependent Variable: Online brand equity

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.443[a]	.196	.188	.50679

a. Predictors: (Constant), Online brand trust

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.337	1	6.337	24.674	.000[b]
	Residual	25.940	101	.257		
	Total	32.278	102			

a. Dependent Variable: Online brand equity

b. Predictors: (Constant), Online brand trust

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.977	.371		10.711	.000
	Online brand trust	.342	.069	.443	4.967	.000

a. Dependent Variable: Online brand equity

7.7 SPSS Output – In-Store

7.7.1 Interaction between Retail Service Quality and Brand Trust

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Retail service quality[b]	.	Enter

a. Dependent Variable: In-store brand trust

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.733[a]	.537	.532	.446645

a. Predictors: (Constant), Retail service quality

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.367	1	23.367	117.131	.000[b]
	Residual	20.149	101	.199		
	Total	43.515	102			

a. Dependent Variable: In-store brand trust

b. Predictors: (Constant), Retail service quality

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.646	.330		4.994	.000
	Retail service quality	.794	.073	.733	10.823	.000

a. Dependent Variable: In-store brand trust

7.7.2 Interaction between Brand Trust and Brand Equity

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	In-store brand trust[b]	.	Enter

a. Dependent Variable: In-store brand equity

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.633[a]	.400	.394	.54935

a. Predictors: (Constant), In-store brand trust

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.344	1	20.344	67.412	.000[b]
	Residual	30.480	101	.302		
	Total	50.824	102			

a. Dependent Variable: In-store brand equity

b. Predictors: (Constant), In-store brand trust

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.783	.435		4.100	.000
	In-store brand trust	.684	.083	.633	8.211	.000

a. Dependent Variable: In-store brand equity

7.8 SPSS Output – In-Store (control group)

7.8.1 Interaction between Retail Service Quality and Brand Trust

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Retail service quality[b]	.	Enter

a. Dependent Variable: In-store brand trust

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.753[a]	.568	.563	.401917

a. Predictors: (Constant), Retail service quality

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.839	1	21.839	135.196	.000[b]
	Residual	16.638	103	.162		
	Total	38.478	104			

a. Dependent Variable: In-store brand trust

b. Predictors: (Constant), Retail service quality

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.376	.332		4.141	.000
	Retail service quality	.761	.065	.753	11.627	.000

a. Dependent Variable: In-store brand trust

7.8.2 Interaction between Brand Trust and Brand Equity

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	In-store brand trust[b]	.	Enter

a. Dependent Variable: In-store brand equity

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.667[a]	.445	.440	.49830

a. Predictors: (Constant), In-store brand trust

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.499	1	20.499	82.558	.000[b]
	Residual	25.575	103	.248		
	Total	46.074	104			

a. Dependent Variable: In-store brand equity

b. Predictors: (Constant), In-store brand trust

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.583	.422		3.756	.000
	In-store brand trust	.730	.080	.667	9.086	.000

a. Dependent Variable: In-store brand equity

7.9 SPSS Output – sample 1 mean comparison online/in-store

7.9.1 Brand Trust

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Online brand trust	103	5.34684	.729194	.071850
In-store brand trust	103	5.18083	.653162	.064358

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Online brand trust	74.417	102	.000	5.346845	5.20433	5.48936
In-store brand trust	80.500	102	.000	5.180825	5.05317	5.30848

7.9.2 Brand Equity

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Online brand equity	103	5.8049	.56254	.05543
In-store brand equity	103	5.3252	.70589	.06955

One-Sample Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Online brand equity	104.727	102	.000	5.80485	5.6949	5.9148
In-store brand equity	76.564	102	.000	5.32524	5.1873	5.4632

7.10 SPSS Output – sample 2 mean comparison

7.10.1 Brand Trust

Group Statistics

	Group	N	Mean	Std. Deviation	Std. Error Mean
In-store brand trust (sample1)	1	103	5.18083	.653162	.064358
	2	105	5.21238	.608258	.059360

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
In-store brand trust (sample1)	Equal variances assumed	1.419	.235	-.361	206	.719	-.031556	.087493	-.204052	.140941
	Equal variances not assumed			-.360	204.331	.719	-.031556	.087553	-.204179	.141068

7.10.2 Brand Equity

Group Statistics

	Group	N	Mean	Std. Deviation	Std. Error Mean
In-store brand equity (sample1)	1	103	5.3252	.70589	.06955
	2	105	5.3876	.66560	.06496

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
In-store brand equity (sample1)	Equal variances assumed	.009	.926	-.656	206	.513	-.06238	.09511	-.24990	.12514
	Equal variances not assumed			-.655	204.754	.513	-.06238	.09517	-.25001	.12526

7.11 Antecedents of brand equity

Brand loyalty reflects "how likely a customer will be to switch to another brand, especially when that brand makes a change in price, product features, communication, or distribution programs" (Aaker, 1991). Hence brand loyalty can be considered a critical input to generate brand equity. However, it is also demonstrated as a behavioural response based on other dimensions (Jacoby & Kyner, 1973) and thus we derive that brand loyalty can be an output conditioned by prior factors such as purchase and use experience, which means that we cannot use brand loyalty as a measure. It presumes that the brand has already been encountered before.

Brand awareness: Most researchers describe brand awareness as the strength a brand has in consumers' minds (Aaker, 1996). It includes two main elements: the recall and recognition of a brand (Keller & Lehmann, 2006). This element is a valuable measure of how the brand imprints in the customer’s mind and is therefore suitable as antecedent of brand equity.

Brand association: Brand association, in general, refers to the degree of prominence of a brand inside a consumer's mind that results from when a consumer associates external features to a brand (Michel & Donthu, 2014). Association can occur on various levels, such as product attributes, lifestyle, and symbols (Yoo & Donthu, 2001). For our research, brand association as a measure is only of secondary importance. It does not measure continuity and individuality, which is a crucial measure to compare online and offline brand experience.

Perceived quality: Perceived quality has also been researched and defined differently by researchers. Aaker, for instance, sees it as the overall quality of a brand or superiority when comparing it to alternatives (Aaker, 1991). On the other hand, researchers such as Desai, Kalra, & Murthi (2008) refer to perceived quality as the consumer's knowledge of what they feel, see and think when looking or touching a particular product of a brand. The quality of a product can therefore be referred to as performance, features, conformance, reliability, and serviceability. Since the literature shows that the quality of a product is not necessarily derived from knowledge on the technical and functional side, but from marketing communication used to promote the brand the perceived quality is the most crucial antecedent we want to measure to achieve the target of our thesis.