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THE RELATIONSHIP BETWEEN CONSUMER INNOVATIVENESS, CUSTOMER EXPERIENCE, BRAND TRUST AND BRAND LOYALTY: AN EXAMPLE FROM THE AUTOMOTIVE INDUSTRY

Master's Thesis

GÜLÇİN ASLAN ÜNSAL

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Doç. Dr. Burak KÜNTAY
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I certify that this thesis meets all the requirements as a Master thesis.

Doç. Dr. Ela Ünler
Program Coordinator

This is to certify that we have read this thesis and we find it fully adequate in scope, quality and content, as a thesis for the degree of Master of Business Administration.

Jury Members	Signature
Thesis Supervisor Dr. Nihat Tavşan	---
Member Doç. Dr. Can Erdem	---
Member Dr. Gülberk Salman	---

DEDICATION

To my sweetest nephew "Azra"…

PREFACE

First of all, I would like to first thank to my supervisor Dr. Nihat Tavşan who helps me to build a solid base for this thesis with his own valuable studies, provides full support and leads the way to me through this research.

I also want to thank to my precious family foremost. Wıthout my mother and my father who literally stop at nothing for me and without my lovely sister who endlessly supports me in each and every point of my life, I could never come to these days. I feel unbelievably grateful for having them.

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Finally, I would like to thank to all my friends and associates for both helping me and for always being there for me.

İstanbul, 2019 Gülçin Aslan Ünsal

ABSTRACT

THE RELATIONSHIP BETWEEN CONSUMER INNOVATIVENESS, CUSTOMER EXPERIENCE, BRAND TRUST AND BRAND LOYALTY: AN EXAMPLE FROM THE AUTOMOTIVE INDUSTRY

Gülçin Aslan Ünsal

Master's of Business Administration

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The main purpose of this study to investigate and to identify the relationships between consumer innovativeness, customer experience, brand trust and brand loyalty. Innovation is an essential part of our lives in today's world and consumer innovativeness is a crucial part of the concept since it greatly influences the degree of effectiveness and success of innovation activities when actually made available in the market. Customers also demand more and more from brands since the number of options provided are hugely increased in virtue of innovations. Investigating of customers' characteristics, needs and expectations to offer them a unique and a pleasing experience with a systematic experience management mindset became the key strategy for all companies. Brand trust occurs as a result of strong experiences and it is one of the important dimensions of brand loyalty. Increasing the brand loyalty within customers is the ultimate goal for all companies to be successful. Based upon this information, a survey consisting of 4 scales related with each factor based on automotive industry products conducted with 445 participants to analyze the complex relationship between them. Factor and reliability analyses conducted to test reliability and validity of scales. Findings were measured by utilizing from regression analysis for main effects and Process tool created by Hayes for mediation and moderation effects. Results of the study have shown that brand loyalty is influenced by customer experience, consumer innovativeness and brand trust as earlier studies indicated. Also, it was found that the relationship between customer experience and brand loyalty is mediated by brand trust. Finally, no significantly meaningful moderation relationship between consumer innovativeness, customer experience and brand trust was found. Thus, this study was found to be important because of its contributions to the literature which is relatively in lack of information analyzing the relationships at this level of complexity.

Keywords: Innovation, Consumer Innovativeness, Brand Trust, Customer Experience, Brand Loyalty

ÖZET

TÜKETİCİ YENİLİKÇİLİĞİ, MÜŞTERİ DENEYİMİ, MARKA GÜVENİ VE MARKA SADAKATİ ARASINDAKİ İLİŞKİ: OTOMOTİV ENDÜSTRİSİNDEN BİR ÖRNEK

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Bu çalışmanın ana amacı müşteri yenilikçiliği, müşteri deneyimi, marka güveni ve marka sadakati değişkenleri arasındaki ilişkiyi incelemek ve tanımlamaya yöneliktir. Günümüzde yenilikçilik hayatımızın ayrılmaz bir parçası haline gelmiştir. Müşteri yenilikçiliği de bu aktivitelerin pazardaki etkisini ve başarısını yüksek oranda etkilediği için hayati bir etken olarak görülmektedir. Yenilikçilik aktivitleri sayesinde pazardaki seçeneklerin sayısı oldukça arttığı için, müşteriler markalardan her zaman daha fazlasını talep etmeye başlamışlardır. Müşterilerin karakter özelliklerini, beklentilerini ve ihtiyaçlarını araştırıp, sistematik bir akıl yapısı ile onlara eşsiz ve hoşnut edici deneyimler sunmak tüm firmalar için anahtar strateji haline gelmiştir. Marka güveni ise güçlü deneyimler sonucunda oluşur ve marka sadakatinin oldukça önemli bir ölçütü olarak görülmektedir. Marka sadakatini arttırmak firmaların başarılı olabilmeleri için nihai amaçtır. Tüm bilgiler ışığında, bu değişkenler arasındaki ilişkiyi incelemek için; otomotiv sektöründeki ürünler üzerinden değerlendirilen ve her bir boyuta ait 4 farklı ölçekten oluşan bir anket çalışması 445 kişinin katılımı ile gerçekleştirilmiştir.Faktör ve güvenilirlik analizleri gerçekleştirilmiştir. Çalışma çerçevesinde oluşturulan doğrudan ilişkilerin analizi regresyon, aracılık ve ılımlayıcılık ilişkileri de Hayes tarafından SPSS için geliştirilen Process uygulaması ile ölçülmüştür. Analiz sonuçlarına göre; müşteri yenilikçiliği ile müşteri sadakati, müşteri deneyimi ile marka sadakati, müşteri deneyimi ile marka güveni ve de marka güveni ile marka sadakati değişkenleri arasındaki tüm doğrudan etki ilişkilerinin anlamlı olduğu görülmüştür. Ayrıca, marka güveninin müşteri deneyimi ve de marka sadakati arasında aracılık etkisi gösterdiği kanıtlanmıştır. Ancak, araştırmada incelenildiği üzere, müşteri yenilikçiliğinin müşteri deneyimi ve marka güveni arasında herhangi bir ılımlayıcı etkisi olmadığı anlaşılmıştır.

Keywords: Yenilikçilik, Tüketici Yenilikçiliği, Marka Güveni, Müşteri Deneyimi, Marka Sadakati

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ABBREVIATIONS

BT : Brand Trust
CEM : Customer experience management
CFA : Confirmatory factor analysis
CI : Consumer innovativeness
CRM : Customer relationship management
CX : Customer experience
DV : Dependent variable
EEC : European economic community
EMC : Experiential marketing communications
GOF : Goodness of fit
IMC : Integrated marketing communications
IoT : Internet of things
IV : Independent variable
KMO : Kaiser-meyer-olkin
LO : Brand loyalty
MEV : Mediation variable
MOV : Moderation variable
OEM : Original equipment manufacturers
ROI : Return on investment
SPSS : Statistical package for the social sciences
USA : Unites States of America
VoC : Voice of the customer
WOM : Word of mouth

1. INTRODUCTION

Everybody must be heard the world famous ancient Greek quote which reminds us that the only thing that is constant in life is change itself. Humankind is striving for finding new ways to live and finding new things to expose to world since the beginning of their existence. One little thing led to another and now, the world have come to a point even behind a human being can imagine. Huge technological developments occurred in all industries operating in all countries. Thus, innovation has become an inseparable part of our lives. It even became an obligation for companies which want to survive from intense competition. Chesbrough (2006, p.185) has splendidly manifested this situation by saying that "Companies that don't innovate, die". Innovation is generally considered as forming from two major facets: company-side and consumer-side. When looking at innovation from company perspective, different categorizations are made based upon its attributes, alteration levels and novelty degrees of the term. Now, Industry 4.0 is considered as the most salient issue of company-side of innovation concept. Despite the fact the innovation is usually found related with products, services or processes; it is undeniable that innovativeness of consumers is a factor which significantly influences the practicability and effectiveness of all innovative activities within all markets. It also affects various dimensions of customers and eventually business profits of companies (Dobre et al. 2009). Therefore, it is found highly important by many researchers to study consumer innovativeness to be able to understand its characteristics along with its benefits.

Existed theories, strategies and the focus of attention within marketing activities have changed in conjunction with world's relentless change. Even economies couldn't resist to this progression. Economic values have gone through major stages starting from commodities to goods and services. They finally arrived to experiences in this day (Pine and Gilmore 1998).

Customer experience is a relatively new subject to academic research or business implications area. However, it is known for long that customers now expect more than

purchasing a product or a service. They want something unique which could be able to touch their hearts. There are too many options available within almost all types of industries thanks to innovation, thus it is vitally critical for companies to understand what their customers are expecting, how they feel, how they think or what they value the most. They should be aware that each customer has different characteristic, beliefs and needs and thus they need to design all processes, strategies and even all touch points accordingly. This objective could be only maintained by operating an effective customer experience management system combining all division within a firm. However, it shouldn't be stay just as a performance goal which will affect managers' scorecards, it should be made a total mindset within all parts of a company and its shareholders (Tavşan and Erdem 2018).

Brand is considered as the most valuable asset for companies to be realized by customers in intense competition. Numerous facets of brand has been presented into literature ranging from brand image, brand attitude, brand equity, brand affection, brand trust to brand loyalty. Considering any of them, even though high levels of satisfaction or high amount of purchases are critically important, they were found as insufficient for brands to be successful. Having loyal customers is considered as the most important factor of being successful. Whether it is attitudinal, behavioral or situational; brand loyalty is the ultimate goal. Companies should analyze the underlying factors consisting brand loyalty and should develop strategies based on them. Besides, it is important to be aware of loyalty's advantages such as price flexibility of customers, repeated and increased purchasing behaviors, lowered costs, increased brand affection and most importantly increasing profitability (Chaudhuri and Holbrook 2001, Dick and Basu 1994). When analyzing the underlying factors, it is found in many researches that brand trust is a highly correlated factor with brand loyalty. In this point, it is important to remember that brand trust can be obtained only through experiences. Thus, brand should try to enhance their brand trust which will eventually lead into brand loyalty by the mean of various experiential marketing communication activities (Kabadayı and Alan 2012).

The main purpose of this research fictionalized in the lights of existed knowledge is to analyze the relationships between consumer innovativeness, customer experience, brand

trust and brand loyalty. More complex relationships such as a moderation effect between consumer innovativeness and brand loyalty along with a mediation effect between brand trust, customer experience and brand loyalty are also expected to be analyzed within this particular study. Therefore, main research questions have been constructed as below:

i. Does consumer innovativeness have an influence on consumers' loyalty towards brand?
ii. Could it be possible to say that consumer innovativeness moderates the relationship between customer experience and brand trust?
iii. Is brand trust affected by the level of customer experience?
iv. Does customers' level of brand trust meaningfully influence their level of brand loyalty?
v. Could it be possible to say that the relationship between customer experience and brand loyalty is mediated by brand trust?
vi. Is customer experience is meaningfully capable of affecting brand loyalty?

Based on the main purpose of this research and constructed research questions, it is chosen to conduct a case analysis considering the automotive sector products and brands as the scope of study. The reasons behind this decision are that automotive industry is seen as one of the most innovative sectors and automobiles are found relatively more fitted with brand trust and brand loyalty subjects since they matter to customers in means of their life safety.

Regarding of all these information related with the study, the outline from thereafter is structured in five main sections each as following; in the first chapter, the examined literature related with all four factors in the research objective is presented. In the second chapter, related methodology including research model construction, sampling and data collection methods along with instruments of measurement is presented. In the third chapter, all findings of analyses conduct to test each hypothesis and necessary visualizations are presented. In the fourth and last chapter, discussions and conclusions made upon statistical findings are presented. Additionally, implications, limitations and further research suggestions of the study are also presented within this section.

2. LITERATURE REVIEW

In this part of the study, major theoretical or empirical information related with variables used in the model and selected industry will be presented. Thus, this section consists of two main parts. In the first part compassing the variables in the model, consumer innovativeness along with a more general perspective on innovation will be discussed followed by knowledge on brand trust term. Then customer experience and brand loyalty which is also known as customer loyalty will also take a place within this part. Finally, in the second part of literature review section, information about the automotive industry will be given to the readers to illustrate the context of the practice and analysis sections of this particular study.

Research questions or also named as hypotheses built for this study will be matched with related literature sections in order to lead a way for readers down to hypothetical framework part.

2.1 INNOVATION

Innovation is not a new subject. In fact, it could be as old as the humanity itself. A big part of inclination to think new ways and do new things is somehow intrinsically "human". If we do not have this human part, the world we have would be really different from how as it is now. For example, stop for a second and try to imagine a world without recent past innovations such as airplanes, cars, phones and etc. or go a bit back in time and think that how would be the world without most essential innovations such as the wheel, the alphabet, the press and etc. (Fagerberg 2003).

In the history of business and industry, a company starts its business with primary attributes. As time goes by, all the other companies conduct their businesses with simple attributes, too. Wherefore, every single firm tries to differentiate from each other by proposing new offers that they do not propose until now so that they can appeal new or existing customers to rush into their companies and their offerings. The concept behind this activity of companies now defined as being innovative.

Companies in today's world, encounter with a strong pressure coming from different companies that offer identical products and services or customers who continuously ask for more and more. Companies now should always be in search of finding new production methods, offering new products or enhancing the existed products. To state it differently, they should keep putting new innovations forward.[1] Therefore, innovation has become one of the most important subjects in the world of business. Innovation helps the companies to increase the total quality of their products while reducing the costs and prices which definitely makes customers' lives better at the other hand. Innovation creates a very important base in the global marketplace for economies to compete with each other (Hauser et al. 2006).

You can find innovation almost in every area especially in the world of products but also in the world of words. It is examined in a multitude of fields including scientific and technical literature, history, sociology, economics and even arts. It is also now at the heart of the media, public policy and even every person's active vocabulary. Innovation has therefore become the spectacular symbol of the modernized society. Our era is even defined as "fascination and quest for innovation" by H.Nowotny (2006). Pursuit for innovation got so substantial that some people even offered to use drugs like Ritalin and Adderall (normally used for curing neurological complaints) on healthy people in order to empower the innovation-related competencies of human kind (Greely et al. 2008).

2.1.1 Evolution of the Innovation Concept

Schumpeter (1934) is the first one to study on the innovation concept and who presented it as the integration of new organization ways, new material sources and also new markets. Almost after thirty years from this first introduction of the concept to the literature , in his book 'The Theory of Economic Development', innovation was described as major interruptions linked with products, services and processes which shatter old archetypes for spawning wealth for all of us (Schumpeter 1934).

[1] Ramadani, V. & Gerguri, V., 2010. The impact of innovation into the economic growth [online], Germany, Library of Munich University, https://mpra.ub.uni-muenchen.de/22270/ [accessed 16 January 2019]

Due to substantial changes in economies and competing markets, companies should use innovations by means of cultivation of new products, services, processes, practices and technologies to cope with new market circumstances (Chesbrough 2003). A new point of view about innovation was introduced to literature that defined it as a union of various new technologies which targets to raise the competition and added-value of the companies within the markets (Prahalad and Ramaswamy 2004).

The term innovation is generally get involved with the term invention. Even though they are highly related with each other, it must be also stated that there is a difference between two of them. Invention is defined as the very first existence of an idea for either a new product or a new process while innovation is the time when this idea is firstly commercialized as something practicable. As a result of it, there is generally a time difference found between invention and innovation to be occurred. In addition to that, inventions can arise in almost everywhere but innovations are mostly observed in company structures. Therefore, it can be said that innovation can include invention scope but it also demands more such as various kinds of knowledge, skills, resources and etc. (Fagerberg 2003).

In a broad search of literature, it is easily observed that innovation has always been a critical subject for various areas such as business, economics, engineering, science and even sociology. Despite the fact that the subject is broadly studied, it is generally misunderstood and confused with different concepts such as invention, design and creativity as it is mentioned above.

The Latin word '*innovare'* which has a meaning of 'to make something new' is the origin of the term innovation itself. However, there are a great number of definitions of innovation in the related literature. Most relevant descriptions are given below to understand the innovation concept better before going further into details:

i. It is defined by OECD[2] as;

> *Innovation consists of all those scientific, technical, commercial and financial steps necessary for the successful development and marketing of new or improved manufactured products, the commercial use of new or improved processes or equipment or the introduction of a new approach to a social service. R&D is only one of these steps*

ii. It is defined by Faferberg (2003) as the creation of a new applicable offering and putting new ideas into practice

iii. It is defined by Drucker (2006, p.19) as "Innovation is a specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a business or service"

iv. It is described most definitively by Crossan and Apaydın (2010, p. 1155) as;

> *Innovation is a production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems. It is both a process and an outcome*

2.1.2 Importance of Innovation

Innovation's importance is established on several prospects. On the customer side, innovation makes products and services more qualified which results in making the customers' lives better. On the business side, it creates continuous progress opportunity for companies which also results in more profit eventually. On the employee side, it makes jobs more challenging and attractive which demands greater intellective abilities with the possibility of superior wages for this reason. Finally on the macroeconomic side, innovation multiplies the productivity as a whole.[3] When business side of innovation is the focus, then it can be said that it is highly related with company's own performance based on two different aspects. The first aspect defends that development of new products or processes makes companies more competitive among other firms in the market. However, these companies should protect their positions to continue to obtain benefits composed by innovation activities. In the second aspect, it is defended that innovation activities improve companies' internal competences. By this way, it makes companies more open and flexible than other companies who do not take innovative actions in the face of increasing press within the industry.

[2] OECD, 1980. The measurement of scientific and technical activities. *Frascati manual.* OECD, p.15.
[3] Ramadani, V. & Gerguri, V., 2010. *The impact of innovation into the economic growth*

Customer behavior is consistently changing as a result of increasing competiveness in markets. That is why power of innovation is higher than it ever was. Sharply increasing competition makes profits lowered. Conventional methods for fixing profit issues such as cost reduction or outsourcing are probably still crucial, but they are not sufficient themselves. Creating value for the customers and being ahead among the competitors by the help of lucrative growing can be only obtain with innovation (Prahalad and Ramaswamy 2004). In his book, Chesbrough mentions that innovation activities are mandatory for every company in any industry (2006).

Innovation is somehow is interrelated with company performance in any case. It helps companies to lower the costs, to gain competitive pricing advantage among other competitors, to increase market share, to raise profits and to enhance customer value. It increases the efficiency and quality of companies' internal processes.[4] In addition to all these, all companies desire differentiation and be easily realized among a huge number of other players. In this matter, innovation is the only tool for companies looking for differentiation (Kırım 2008).

Innovation is a valuable source for every company as it mentioned above, but it has its own sources to be occurred, too. First of all, industrial structural movements may result in potential innovations. Moreover, customers' values, demographics and lifestyles could change and they also demand innovations to fulfill their newly arising needs and expectations. As an example to it, Johnson & Johnson company created a marketing innovation due to decreasing birth rates in Europe region which encourage customers to use baby products for themselves. Customers provide valuable information for innovations to arise. If companies observe their customers, get in touch with them and also involve them into their innovation activities; there could be a greater chance to get better answers and solutions to their hidden needs.

Suppliers are also very important to bring inputs from the market itself, competitors and most important customers. Therefore, strengthening the relationships with the suppliers

[4] OECD & EUROSTAT, 2005. Guidelines for collecting and interpreting innovation data. *Oslo Manual Third Edition.* OECD. Paris

may have a huge effect on specifying business needs better and eventually building more preferable innovations.

Finally, experience is one of the most valuable source for innovations. Any company could try and fail when it comes to innovating, but the important thing is to learn from experiences and use them in further studies. This is also related with continuous improvement of the companies, too.[5]

2.1.3 Innovation Categories

Innovation as a concept has been divided into several different categories in the literature. General descriptions about few of them will be given in this section to provide a broader understanding of the concept which will be useful in the further parts of this study as a base. It is observed in the literature is that innovation categories clustered in major groups based on their attributes, alteration levels and novelty degrees. Categories will also be grouped in the same way in this study as following:

2.1.3.1 Based on attributes

Most mentioned and primitive innovation type in the literature is product innovation. It can be described as the commercially offering of a completely new or enhanced product to the customers (Schumpeter 1934). Product innovation requires fundamental advancements in technical properties, ingredients and materials, infrastructure and operational features of the products (Atalay et al. 2013). There are some other concepts which can be related with the product innovation such as product designing or research and development, new product development and etc. The new product development process includes basic steps including idea generation, fundamental and complicated research, development stage, testing, qualifying and validating, introduction to market, mass production and each of these stages interact with the customer in different ways (O'Sullivan and Dooley 2008). Novelty and use are the two major consequences of the product innovation which affect the customer most.[6]

[5]R Ramadani, V. & Gerguri, V., 2010. *The impact of innovation into the economic growth*
[6]Khaledabadi, H.J., (2008). Innovation management: technology strategies for sustainable vehicle development. *Thesis for the M.A. Degree.* Stockholm: Royal Institute of Technology

Component innovation could be similarly related with the product innovation type. However, there is a significant difference between two of them. A component innovation which may covers products, services and processes benefits from new parts or raw materials but it uses same original technology with existed ones. To give an example to component innovation, magnetic tapes and floppy disks could be examined. They have different parts and supplies both they both use the same basic technology which is magnetic recording (Chandy and Prabhu 2010).

Second most mentioned innovation type based on attributes is the service innovation. Most important part of the services is that it requires intensive interaction with the customers. The aim in this type innovation is to serve to customers in a better way by improving service methods and to create a higher value for them at the end. Recently, major service innovations have been occurred as a result of new information mediums, particularly the Internet. The internet has made the relationship between companies and customers stronger than ever before. The best example for a service innovation is Dell Computer. Even though their design and production processes are almost the same with other rivals, they offer a much superior service to their customers by enabling them to design a computer based on their own needs. The internet played a huge role in this example by creating a suitable platform for this interaction (O'Sullivan and Dooley 2008).

Process innovation is another major innovation type existed in the literature. It can be defined as applying vitally developed manufacturing, distribution or service methods. It can also cover development of tools, infrastructure and commercializing methods which used in different processes (Atalay et al. 2013). Generally product innovation and naturally new products are seen as the state of the art type of innovations, but process innovation's importance has been proven to be even more impressive when it comes to the strict competition. It assists companies to improve the total quality and to reduce the costs before any product development activity.[7] It should also be mentioned that process and product innovation terms are not totally independent from each other. They both

[7]Khaledabadi, H. J., 2008. *Innovation management: technology strategies for sustainable vehicle development.*

may cause to each other to be arise.[8] Henry Ford's most famous assembly line used in automotive manufacturing is one of the best examples for process innovation.

Despite the fact that product, service and process innovations are described as major players for staying ahead in the competition, they are not sufficient for being successful unless they're supported with appropriate marketing activities. Market innovation as another type based on attribute is about developing the target markets and improving the way to serve these markets.[9] It involves applying new marketing approaches, making improvements in packaging, promotion activities and pricing. Defining the customer needs better is the goal for all marketing innovation activities.

Structure of the organization and managerial processes of a company are improved by administrative innovations. Minor level of expertise, higher level of exposition and higher level of concentration are major drivers for this type of innovation (Atalay et al. 2013). Other types of innovation directly influence the firm's outputs meanwhile administrative innovations more likely to influence the distribution of sources, company policies and organizational culture and structure. In addition to these, spreading of new ideas within the company and employees' creativity could have been strengthened by managerial innovation exercises (Fadiah et al. 2016). Business model innovation could also be associated with administrative innovation. This type of innovation improves how a company operates its all activities considering both customers and costs. To make the concept clearer, Amazon example could be the best one. Amazon company, by transforming its whole business from a physical book selling store to a company which sell almost everything online, managed to reduce their costs, widen their distribution accessible from everywhere and anytime and also increase their customer satisfaction (Chandy and Prabhu 2010).

[8]Neely, A. & Hii, J., 1998. Innovation and business performance: a literature review, The Judge Institute of Management Studies, University of Cambridge, https://www.researchgate.net/publication/264870158_Innovation_and_Business_Performance_A_Literature_Review [accessed 19 January 2019]

[9]Khaledabadi. H. J., 2008. *Innovation management: technology strategies for sustainable vehicle development.*

Design or architectural innovation refers to improving the way of how components interrelated with each other by still using the same materials and same base technology (Chandy and Prabhu 2010). Design innovation in this manner differs from product innovation.

There are also two type of innovations in the literature called creative innovation and adoptive innovation which are opposite with each other. In creative innovation, companies have the ability to form various new ideas to execute technological improvements using their existed infrastructure. Although in adoptive innovation, companies have only the ability to take new ideas from outside and to embed these ideas to create new organizational or managerial improvements (Chandy and Prabhu 2010).

Finally, closed and open innovation terms are widely discussed in scientific literature. Especially open innovation concept has gained increasing importance in the last decades. The frazzling approach, closed innovation, defends the idea which states that all knowledge used for development activities exist within the company boundaries. In this approach; all technological partnerships, firm alliances, patent sharing and etc. are ignored. There a lot true life examples in business that companies do not develop themselves by benefiting from external resources are dropped behind in the competition race (Marques 2014). This is the reason why this approach starts fading away. Open innovation on the other hand, supports the idea that a company should and actually must use external resources along with internal resources. All companies are now trying to create a wider network by sharing knowledge to create a superior customer value and naturally won the competition race (Chesbrough 2006).

As the last term regarding innovation types based on attributes, a new concept called experience innovation is arising in recent years. This type of innovation aims to increase the experience of customers which they get from existed products or services. Experience innovations could be categorized in major three groups as delighter, satisfier and reassuring. As examples; a Turkish clothing firm came up with an idea which let husbands enjoy a free drink within the store while their wives are shopping. DHL also was the first firm who creates a tracking system that enables the customers for tracking their shipments. These were both resulted in increasing the customer experience from an

existed service. Moreover, there are still a huge potential for experimental innovation attempts in many sectors (Kırım 2008).

2.1.3.2 Based on alteration levels

Innovations can be aligned regarding their alteration levels. Even every level of innovation has its own importance, major categories existed in the literature will be also examined in this section by explaining what they generally change and how.

As a beginning, innovations could be reviewed in two ways as competence enhancing innovations and competence destroying innovations. Competence enhancing innovations build upon existed products, services and knowledge but they also create price, performance and competency improvements. Old technologies regenerate with additional features but they still preserve their cores. Electric typer replacing with mechanical typer is a good example. However, in the competence destroying innovations, new capabilities and know-how are essential. In this category a whole new product or service could be created such as the first produced automotive after horses or there could be a replacement to existed ones such as diesel engines replacing steam engines.[10]

Incremental innovation is one of the most mentioned innovation types regarding alteration levels. Most simply it is "Doing more of the same things you have been doing with somewhat better results."[11] This type of innovation almost occurs in any industry or any company with different change rates. Incremental innovations are generally occurred as a result of an idea proposed by an employee rather than a depth research and development activity. Despite the fact that they do not have an extreme effect in an innovational manner, still are necessary for stable growth of a company (Coccia 2006). Incremental innovations are generally kept within the borders of existed market and technology while brings less financial and market-related risks. A lot companies dip back into only incremental risk to not take too much risk but unfortunately at the end

[10]Khaledabadi,H.J.,2008. *Innovation management: technology strategies for sustainable vehicle development.*
[11]R Ramadani,V. & Gerguri,V.,2010. *The impact of innovation into the economic growth*

they are overpowered by enterprising companies which brave enough to make more radical innovations which will be covered in further sections.[12]

Additive innovations are more exact usage of existed sources. Line extensions as an example are categorized as additive innovation. Even though it has its own significance, this type of innovation should not have superiority. If it does, it may allocate necessary sources which will be more effective if used in more radical innovations.[13]

Radical innovation could be defined as the most suitable term when speaking of real innovation. In contrast with incremental innovation mentioned above, radical innovations are occurred as a result of broad research and development activity and show different rates regarding different industries. They usually require a long period of time to be concluded but their effects are generally terrific at the end (Coccia 2006). A radical innovation also requires a totally new technology, a substantial change in consuming motives and finally provides much greater customer utilization and experience. Radical innovations could also be termed as disruptive innovations because they have the ability to transform an existing market or the ability to create a whole new market. However, it should be stated that as the level of radicalness increases the unpredictability of market acceptance of this type of innovation increases at the same rate, too. Also, since it requires long time to be finalized, preferences of customers could possibly change during these years. This may result in increasing the unpredictability. All these are the reasons for radical innovations are found rarely in businesses.[14] Breakthroughs are similar types of innovations which can be related with radical innovations. An electronic camera can be given as a good example since it extinguished the old product using roll technology and its whole market (Chandy and Prabhu 2010).

2.1.3.3 Based on novelty degrees

All innovation activities have a certain level of novelty. There are some different perspectives to designate the novelty degree of an innovation. First of them is

[12]Khaledabadi,H.J.,2008. *Innovation management: technology strategies for sustainable vehicle development.*
[13]Ramadani,V. & Gerguri,V.,2010. *The impact of innovation into the economic growth*
[14]Khaledabadi,H.J.,2008. *Innovation management: technology strategies for sustainable vehicle development.*

technological input involving scientific and methodological novelty degree. Second is the degree of necessary know-how and capability resources. Third one is the market's attitude towards the innovation. Finally, change in the position of the company in the competition takes place. Based upon these points, innovations were examined in two fields as macro and micro level. At the macro level, innovations based on their novelty degrees are classified as new to the world and new to the market. At the micro level, innovations entitled as new to the firm (Coccia 2006).

New to the firm innovations are the products or services which offered by a company for the first time, but they are not new to the world or the market. In this category, there are already other companies offering the same product or service. For example, P&G releasing its first shampoo to the market could be defined as new to the firm innovation.[15] New to the market is considered more novel than the first one. It increases the company's performance while also has the potential for creating a market power for the company at the beginning. Furthermore, new to the market innovations could create technology outflow which may later result in others to offer a substitute product or service within the same market (Hirschman 1980). Finally, new to the world innovation is the first commercial introduction of a product or a service in any industry globally. New to the world and new to the market innovations can be interwoven. New to the world definitely involves the concept of new to the market innovation, but in some cases a new product or service within a specific market could also be new for the world. For example, autonomous cars are significantly new for the automotive market but even as a concept, they are also fully new for the world, too.

2.1.4 Innovation Management and Challenges

How organizations perceive the innovation concept and how they react accordingly could heavily affect the innovation process as a whole. By this way, companies can decide how to manage the innovation process by defining which activities will be running within the company as in innovation process and which of them will be outsourced. Therefore, the ability for innovating has always become a significant factor for companies to be successful in the increasing competition of all businesses. The

[15]Khaledabadi,H.J.,2008. *Innovation management: technology strategies for sustainable vehicle development.*

ability in here stands for the desire for permanently transforming the knowledge into new products, services or processes. Companies that have strong motive to innovate, organize their resources accordingly and have the appropriate organizational culture which supports innovative ideas are generally more prepared, rapid and successful for innovational activities.

In innovation management process, managers should be the very first ones to direct all employees to move towards creative path which is a good sign for seeing the company's commitment relating with innovation exploits. However, adaption of this commitment may not be resulted as expected due to differences within the structure and the culture of company as a whole (Fadiah et al. 2016).

In the literature various challenges or in other words, barriers, are examined which make innovation processes a lot harder for companies to manage properly. These challenges could be divided into two major groups as external and internal. Performing this classification operation is crucially important for all businesses to decide which of these barriers are under their control and influence and which of them are not (Das et al. 2018).

Most effective internal challenges that a company faces while trying to manage the innovation process involve factors such as inflexible organizational structure, strict procedures, high level of hierarchy and formality, intense conservativeness, being highly observant, absence of vision, unwillingness to innovation at all, absence of motive, trying to stay away from risky attempts and leadership or management style.[16] Additionally; factors like financial concerns, lack of knowledge, inadequately advanced technologies and unqualified human resources are also have a significant effect on innovation activities to be insufficient (Nunes and Russo 2018).

Even though innovation management is an internal process within a company, external factors like lacking technological substructure of the market within the country or globally, education system issues, macroeconomic situation of the state, legal reforms,

[16] Neely, A. & Hii, J., 1998. *Innovation and business performance: a literature review*

government support, competitors, fluctuations in the market and customer acceptance of innovation could heavily affect the whole process.[17]

2.1.5 Innovation Strategies

Companies follow different strategies while performing innovational activities. There are also different viewpoints for categorizing these strategies. Innovation strategies grouped in three major categories as need seekers, market readers and technology drivers based on a report published in 2007 which conducted with leading 1000 innovative companies. In the need seekers category, companies always try to offer a new product to the market for the first time. To be able to do so, they continuously involve their customers to get valuable inputs about their needs and expectations. Market readers generally focus on offering new and better values for their customers by applying continuous incremental innovations. In this type of strategy, it is very crucial to keep a constant eye on the market and stay ready. In technology drivers strategy, companies intensely rely on their technologic capabilities rather than customer inputs and make research and development investments accordingly. If a company follows this strategy, they mostly try to apply radical innovations in a technological manner.[18]

In a different viewpoint, there are four main categorizations with similar attributes that companies choose to follow considering their capabilities and sources. In the first leadership or so called offensive strategy, companies offer a product before even getting into competition with any other company. To be able to apply this strategy; substantial research and development investment, solid engagement to creativity, willingness to take risks and strong relationships with both know-how sources and customers are usually required. Second strategy is called as fast-follower or defensive. In this type of strategy, companies don't be the first one to introduce a new product or service into the market but they offer the original product in a developed way considering the price, design and attribute aspects. To do so, a well- established technological infrastructure and marketing mix are definitely necessary. In addition, companies who follow this strategy need to have a superior ability to analyze their competitors and their offerings to be able to move after them without losing any time. There is another strategy exists in

[17] OECD & EUROSTAT, 2005. *Guidelines for collecting and interpreting innovation data*
[18] Ramadani,V. & Gerguri,V.,2010. *The impact of innovation into the economic growth*

the business which also built on following the leader. It is called imitation or cost minimizing. Being highly capable in manufacturing and process management is crucial in this strategy to be able to offer low-cost products. The difference between defensive and imitation strategy is that in this one, a company does not necessarily have to own a superior technological substructure. Final strategy option to follow is market segmentation specialist or traditional. In this strategy, companies try to fulfill specific needs of a specific customer segment. There is usually no need for mass production capabilities. Niche product offerings established generally with minor innovations chosen on purpose (Pisano 2015).

2.1.6 Industry 4.0 as a Part of Innovation Concept

There are four industrial revolutions have been witnessed in the history. First industrial revolution had been occurred by the first usage of steam based systems. The second one started in last years of 19th century and highly strengthened by the use of petroleum. Developments including configuration of first assembly line and mass production introduced to industries with Henry Ford during this revolution. Third industrial revolution started by the increasing use of electronics and more digital technologies. Finally; fourth revolution as we know it Industry 4.0 firstly introduced to the world in 2011 at an expo in Hannover city, as a result of vital developments in information technologies and the internet. This became the reason why the era that we live in through named as “information or knowledge era”. Industry 4.0 first started to have an impact on Europe region especially in Germany, than spread to United States and Japan in a really short while. Then it became a global issue for all industries in all countries (Bulut and Akçaçı 2017).

Radical developments occurred while Industry 4.0 is evolving have changed the production concept as a whole. Revolution in production technologies have created a new concept which described as mass individualization. By the help of new technologies, industries have been able to produce smart, connected and more customized products for their customers which increase their experiences significantly. Companies have abandoned the mass production conception and started to execute more niche products and services. Therefore, new niche offerings are coming in two different forms. In the first physical individualization which provides new and developed designs

and usages. In the second smart individualization which provides tailor made digital service offers by the help of connectivity of things. In fact, economic effects of both these two forms are so vital that it is expected that more than half of the total customer spending will be for personalized products and services in all industries by the year of 2030.[19] Major disruptive technologies developed during Industry 4.0 are listed as below (Bulut and Akçaçı 2017):

i. 3D Printing
ii. Internet of Things (IoT)
iii. Big Data
iv. Artificial Intelligence
v. Autonomous robotics
vi. Simulations
vii. System Integration
viii. Cloud Information Systems
ix. Advanced Reality
x. Smart Factories
xi. Cyber – Physical Systems & Cyber Security

2.1.7 Innovation and Industry 4.0 within the Automotive Industry

Automotive industry is one of leading innovative industries. The number of potential areas to take innovative actions is quiet high considering the others. This is the reason why everyone is looking for improvement ever since the very first Ford came out from the assembly line. Thanks to technological developments in recent years, tendency to innovate in automotive industry has gained more significant importance. Moreover, it has been a necessity to innovate for automotive players to win the competition race.

In a very short period of time like ten years, the automotive industry has transformed itself to be software-based rather mechanics-based industry. As a matter of fact that automotive industry's focus now started to shift from transportation to solely technology. Even, most automotive manufacturers want to claim that an automobile will

[19]World Economic Forum. 2017. *Technology and Innovation for the Future of Production: Accelerating Value Creation.* Switzerland

be the most technologically developed and innovative product that any customer will ever have (Shaikh et al 2016).

There are a high number of drivers found in studies which force automotive industry to innovative. Major drivers will be mentioned in this section. Significant changes in the customer preferences take place on the top. As it is stated in the 'Car Innovation 2015' study of Oliver Wyman,[20] today's customers are now in demand of a car which has enhanced characteristics relating mobility, driver safety, comfort, connectivity and easier driving experience Due to the fact that different properties such as easier shifting between different driving positions, info and entertainment systems with more developed features, automatic driving enablers changing according to traffic, enhanced driver safety options and eco-friendly fuel mediums with lower emission rates are now what automobile producers try to offer to their customers.

When talking about the innovation in the automotive industry, it is important to mention few major drivers. Increasing complexity and cost restraints push automotive players to innovate. Since the industry now has to serve a high number of segments, manufacturers need to develop and offer different options for each vehicle and each level of them to differentiate. In addition to that since there are still a lot of options with similar features, they also need to innovate to be able to offer more affordable vehicles. Deviating markets is another important driver of the innovation in automotive industry. Customer preferences and major geographic centers of the total car demand is shifting as it is has not observed ever before. Automotive players therefore need to watch the market very carefully and they also need to act before these changes. A vital driver is the devastating digital progress of the world. Customers now expect to a car to be totally digitalized. They want to merge mobility with the communication in their cars. They want to buy their cars online without being obliged to go the dealer. Everything that they expect is arising from the digital opportunities. This is the reason why every single automotive manufacturer has to follow these trends very closely and make investment to innovate on them. Legal and environmental regulations constitute another major but not least

[20] Oliver Wynman. 2015. *2015 Car innovation: a comprehensive study on innovation in automotive industry.*

driver. Players in the automotive industry for this reason now are looking for innovative powertrain and fuel solutions.[21]

There is no single way to be innovative in the automotive industry. It is generally all about going digital and increasing the customer experience through this journey. Also partnerships, mergers and open innovation networks are highly in trend in the recent years. Countless extraordinary examples can be given from the industry executed in any area. For example, one of the leading companies Volvo has made a partnership with relatively new entrant Uber to be able to produce a self-driving vehicle.[22] BMW has created an open network called I-Venture that engages various start-ups to study on mobility. Ford has instituted 25 different mobility experiments points around the world. All these locations are offering connection, mobility, autonomy and mostly experience based services such as car-sharing, on-demand and point-to-point driving assistance and etc. Another good example for driver-vehicle interaction is the "iDrive" technology innovated by BMW company. It is a controlling device that enables drivers to be in contact with various functions within the car only using a hand Tesla, on the other hand, brought to industry a whole new concept by offering over-the-air service to assist to vehicles even they are on the road Ford GT for example is even has an ability to transform itself. Its spoiler can specify its shape according to the speed using a camera. Even better, all examples are not coming directly from the automotive players. Innovations from other industries especially tech companies also support the automotive industry.[23] For instance, Apple IOS with its new function named "Do not disturb while driving" could notice that your phone is in a mobile car (cause you're connected to the car) and by this way it kindly puts you phone into a sleep mode. This could be a really helpful tool for driver-safety. All these examples are just a minor part of a whole developing industry and the number is increasing each day. Considering all presented knowledge, major disruptive trends in automotive industry grouped as following:

[21]Mohr, D., Müller, N., Krieg, A., Gao, P., Kaas, H.W., Krieger, A., & Hensley, R., 2013. *The road to 2020 and beyond: what's driving the global automotive industry?* [online],Mckinsey&Company.,https://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/Automotive%20and%20Assembly/PDFs/McK_The_road_to_2020_and_beyond.ashx [accessed 22 January 2019]

[22]World Economic Forum. 2017. *Technology and innovation for the future of production: accelerating value creation.* Switzerland

[23]Mohr, D., Müller, N., Krieg, A., Gao, P., Kaas, H.W., Krieger, A., & Hensley, R., 2013. *The road to 2020 and beyond: what's driving the global automotive industry?*

electrification, connected vehicles, autonomous vehicles, mobility, shared economy along with lightweight materials, navigation, handling, alternative powertrain systems and digitalization in after sales services. Moreover, countless innovations within these megatrends were accepted by getting involved in different utilization categories at the customer side. Customers are perceiving innovations offered by manufacturers based on different utilization touch points which can be majorly listed as enhanced driving experience, cost efficiency, fuel efficiency, safety and security, comfort, quality, performance, infotainment and connectivity, interior or exterior design and feel, simplicity, emission rates, reliability and eco-friendliness.

Megatrends in the industry do not all remain limited with vehicles themselves. They involve before or after sales services, too. Innovation and digitalization in these types of services almost occurred themselves thanks to development in technologies. Today, a potential buyer for any brand or type of vehicles is just one click away from gigantic amount of information on the internet. Today, a dealer has only a one chance to transform this customer into an actual buyer since they come only for once as well grounded. In addition, customers now expected more enhanced and digitalized experiences through all touch points in a car using process. This is the reason behind all innovations including services like home pick-up and drop off, online shopping, pop-up stores, telematics based insurance, e-components, innovative financing offerings, remote road and health assistance, information technologies supported and solutions to personalized offerings, enterprise resource planning based inventory managements and many others. To sum up, after-sales services are crucial for keeping the existed customers satisfied and thus in need for big innovation investments (Kovac 2012).

There are also hundreds of additional innovations integrated with all categories of customer utilization. Every other day a new improvement occurs in the automotive industry. To give an illustration to the readers and to form a broader understanding, a high number of examples involving most relevant improvements and innovations in the industry will be listed in the last part of the section as below:[24]

[24] Oliver W., 2015. *2015 Car innovation: a comprehensive study on innovation in automotive industry*

i. Ergonomically designed boarding, loading, controlling and seating offerings,
ii. Enhanced night and all weather types vision with xenon lights,
iii. Speed and special attention alerts with automatic control options,
iv. Back and side view cameras,
v. Easy & automatic shifting between different clutch levels,
vi. Automatic stop and go,
vii. Enhanced air conditioning,
viii. Keyless entry and running,
ix. Anti-heat glasses and heated seats,
x. Touchscreens and other connected display options,
xi. Voice controlled and hands-free wireless systems,
xii. Adaptive power steering,
xiii. Adaptive cruise control,
xiv. Emergency breaking systems assistantships,
xv. Variants of airbags,
xvi. Danger-warning applications,
xvii. Traffic information systems,
xviii. Pay how you drive insurances,
xix. Driver and vehicle health diagnostics,
xx. Usage of smart materials in align with control systems,
xxi. Integrated control panel and interior design,
xxii. Lane keeping support,
xxiii. Emphasis on recyclability and many others.

2.1.8 Consumer Innovativeness

Consumer innovativeness is a major part of the whole innovation system which constitutes the market or consumer behavior side of the concept. Researches on the subject gained significant importance for decades for several reasons. First of all, globalization and competition in the today's world markets are visibly scaling up. Thus, companies should start to understand customers' characteristics and preferences better. Secondly, the rate and the amount of newly introduced products and services into the markets are increasing simultaneously, too. This is why companies should also

investigate their customers' disposition to adopt new products and how this disposition changes within different markets. If companies could better understand the consumer disposition effect, they could be able to allocate their resources separated for innovative products more effectively. Additionally, as it is also mentioned in above parts of the study, innovation has a key role for increasing the wellness of customers while lowering the prices for companies at the same time (Tellis et al. 2009). Combining all these factors together, it is easily understood that why the importance of consumer innovativeness as a key factor is growing through years.

Consumer innovativeness is crucial because it is linked to other important aspects of companies regarding customers such as brand loyalty, decision-making process or communication and etc. The reason behind this perspective is that either being innovator or non-innovator, all people bring some things or ideas into their lives at same point, which are relatively new to them in some way (Dobre et al. 2009). High level of innovativeness in consumers means also high level of earnings for companies since customers disposed to innovation usually buy all the new products introduced by companies. They also have a significant role in propagating valuable information about products over word of mouth (WOM) power (Jordaan and Simpson 2006).

Dobre and et al. (2009) also summarize the reasons behind the growing importance of consumer innovativeness as below:

i. It affects the success, the failure and the spreading of newly introduced products or services.
ii. It is highly useful and effective for defining target segments in marketing activities.
iii. Marketing activities should design and apply differently according to different segments having different levels of innovativeness.
iv. It is widely used for arranging advertise messages based on communication styles, meanings, usage purposes for different innovativeness segments
v. It is a crucial tool for pricing strategies since different consumers innovativeness levels show different price and risk sensitivities.
vi. It is also a very effective tool for making store location and distribution decisions.

2.1.8.1 Definitions of consumer innovativeness

The importance of consumer innovativeness has been revealed long ago but its true definition is still questioning by numerous researches in scientific literature. Therefore, various established definitions and explanations will be outlined in this chapter of study as following.

Midgley and Dowling (1978), defined innovativeness as how much a person is open to new things or ideas and also how much a person decides on an innovation by himself or herself instead of predicating these decisions on someone else's experiences. Based on authors' viewpoint, it is stated in the existed literature that consumer innovativeness could be seen as a group of personal characteristics which all existed in every consumer whether it is more in some or less (Dobre et al. 2009).

Rogers and Shoemaker (1971), described it as the level of a person to adopt an innovation relatively much before than the others within his or her social circle. Despite making a relatively similar definition with Midgley and Dowling (1978), authors by this definition has claimed that each individual consumer has different level of novelty sense and roots of innovativeness are connected with these varieties within novelty levels.

Steenkamp, Hofstede and Wedel (1999), has tried to expand the definition of consumer innovativeness by adding some specifications to it. Firstly they define it as tendency of consumers to buy new and distinct products instead of staying with older ones. In addition to this definition, they conclude to two main specification of innovativeness of customers: it is a valid concept in only certain consumer climate with certain roles and it is generalized through some products or brands to a wider whole of them.

2.1.8.2 Consumer innovation facets

There are numerous perspectives on the subject of consumer innovativeness. Thus, various classifications exist with different features. General information about main classes will be presented in this chapter of study which may be useful for businesses to segment their customers and apply their processes accordingly.

Innate innovativeness, general innovativeness, global innovativeness, domain-specific innovativeness, actualized innovativeness and innovative behavior types exist in the scientific literature as main groups within consumer innovativeness concept.

Innate innovativeness is firstly introduced by Midgley and Dowling (1978) as it is mentioned above definitions as the level of consumers to adopt new things and make decisions on innovations regardless of other consumers' experiences. In this perspective, early adopters considered as to have the highest level of innate innovativeness.

As it noted by Manzano et al (2009), general innovativeness defined as a consumer seeking for a new experience and it is generally seen as an indicator of purchasing intention (Joseph and Vyas 1984, Craig and Ginter 1975).

Hirunyawipada and Paswan (2006) noted that global innovativeness definition as a total of individual features which determines the behavior to innovation, especially adopting of innovative products (Leavitt and Walton 1975; Ostlund 1972). Global innovativeness is also explained as an individual characteristic which is distinct from the climate or domain that customer stays (Midgley and Dowling 1978). Global innovativeness is considered as a multi-dimensional concept consisting of different cognitive and sensory characteristics. In this manner, cognitive characteristics motive consumers to look for stimulations related with the mind and to be involved in new experiences that make them thinking. On the other hand, sensory characteristics motive consumers to look for stimulations related with senses and feelings and to be involved in new experiences that make them enjoy inside-born activities (Hirunyawipada and Paswan 2006).

Domain-specific innovativeness is analyzed by different researches. It can be summed up as a consumer's behavior within his or her certain domain of interest. This type of consumer innovativeness generally constitute as a result of a combination of a global innovativeness trait and a powerful interest within a specific product or product category. Domain-specific innovativeness could be expanded to different contexts such as sectors or countries rather than just product categories (Roehrich 2004, Goldsmith and Hofacker 1991, Midgley and Dowling 1978).

The other main facet of consumer innovativeness, actualized innovativeness has defined as the degree of how early a consumer adopt a new product than the others in his or her social circle. The timing of adoption of new products is an important factor in this perspective. Moreover, actualized innovativeness also involves behaviors such as seeking and obtaining new information about new products from various sources (Rogers 1995, Hirschman 1980, Midgley and Dowling 1978).

Final facet of customer innovativeness, innovative behavior, defends that consumers with higher level of innovativeness represent certain and recognizable characteristics. In this perspective, consumers divided into two main groups: innovators and non-innovators. It is stated that innovators generally have higher income and higher level of education, they are more social, more mobile, opener to risks and they are generally younger (Lassar et al. 2005, Rogers 1995).

2.1.8.3 Innovation adoption characteristics and related categorizations

Consumer innovativeness has its own indicators which shown themselves as different characteristics in innovator consumers. If a consumer called as innovator then it means he or she has a disposition to new ideas, products or services. At this point, the most important thing is to understand the drivers behind this disposition.

Roehrich (2004) states most important drivers behind innovation adaption as below:

i. Need for impulse
ii. Looking for novelty
iii. Being independent from other's innovation experiences
iv. Willingness for uniqueness
v. Being creative and original
vi. Attractiveness to risks
vii. Paying or not paying attention to other people's ideas

Dobre et al. (2009) pointed out similar drivers behind innovation adoption as below, too:

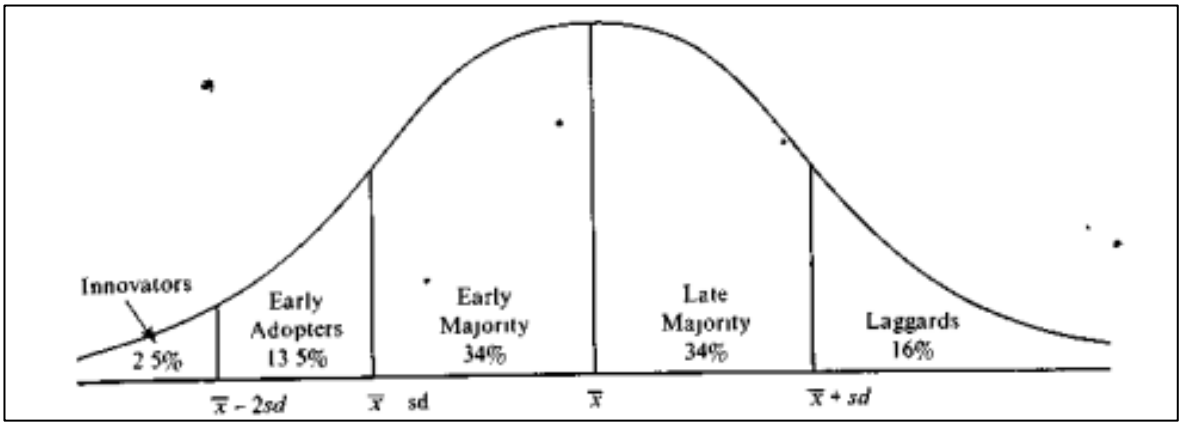
i. Having opinion leadership
ii. Being more risk-tolerant

iii. Being more independent and self-oriented
iv. Preferring to be informed by mass media mediums instead of mediums such as communication and etc.
v. Being more open to changes
vi. Being more cosmopolite
vii. Having a higher socio-cultural statue

There are more studies which confirm similar characteristic. For example, Jordaan and Simpson (2006) state that consumers with better innovation adoption abilities shown certain personal characteristics such as being more comfortable with taking more risks, having greater opinion leadership degree, being generally more informed about different and new products or ideas, being more exposed to media and being generally stronger consumers of specific products or product categories. As authors also noted (2006), innovator consumers generally tend to be female, younger, having upper levels of income and education (Leung 1998). In addition to all these, it is also stated that people with powerful problem solving skills are generally stronger and earlier when it comes to innovation adoption (Hirschman 1980).

Sınce certain traits of innovation adaptors explained then a solid categorization established by considering these traits by Rogers (1983) could be presented as in Figure 2.1:

Figure 2.1: Innovation adaptor categories



Source: Rogers, E. M., 1983. *Diffusion of innovations*. 3rd Edition. New York: Free Press

There is also one more categorization presented which divides consumers into two main classes as cognitive innovators and sensorial innovators. Consumers in the cognitive class generally look for intellectual activities and experiences while consumers in the sensorial class generally look for sensual ones (Dobre et al. 2009). Venkatraman (1991, p.52) also supported this categorization by stating that cognitive innovators mostly show functional traits which may help them to deal with their consumption issues, while sensorial innovators are mostly interested with hedonic features of products.

2.1.8.4 Interrelated relationships of consumer innovativeness

Consumer innovativeness is a relatively new subject within the scientific literature but its significant importance related with various business aspects has gained great attention by both researchers and managers. Consumer innovativeness representing consumers' inclination to adopt new products or services, thus has the ability to affect different business theories ranging from decision making and communicating to eventually loyalty. If innovativeness is taken out of the subject then behaviors of customers turn into just a habit of buying some set of same products over and over again (Hirschman 1980). On the other hand, it was proven that consumer innovativeness is a trait which is both negatively correlated with perceived risk and at the same time positively correlated with coping with higher uncertainities or risk taking (Manzano et al. 2009, Rogers 1995). Both these terms, perceived risk and risk-taking is also found to be having an influence of brand trust construction (Blomqvist 1997). Therefore, it could be appropriate to state that consumer innovativeness has also ability to affect brand trust notion. The concept does not only remain with influencing the brand trust, additionaly it is defined as a driver of experience by many including Zhou (2012) as a result of his study based on online banking. It is somehow easy to associate consumer innovativeness to different aspects as above one by one, but it is much harder to pin it into a place where multi-dimensional effects of the concept will be understood broadly. Since there was also quite little information found in the existed literature, relationships regarding consumer innovativeness has been hypothesized in this study as;

H1: Customer innovativeness has an influence on brand loyalty.

H2: Customer innovativeness moderates the relationship between customer experience and brand trust.

2.2 CUSTOMER EXPERIENCE

Customer experience generates an important part of this research. It is a relatively new subject thus there are more areas to be investigated and discovered within the existed literature. Right along with the great number of studies conducted in this area, there are still a lot left as question in researches and business people's minds. Therefore, a highly detailed perspective will be presented in the following parts to make it clearer for the reader to envision it in the case analysis section of this study.

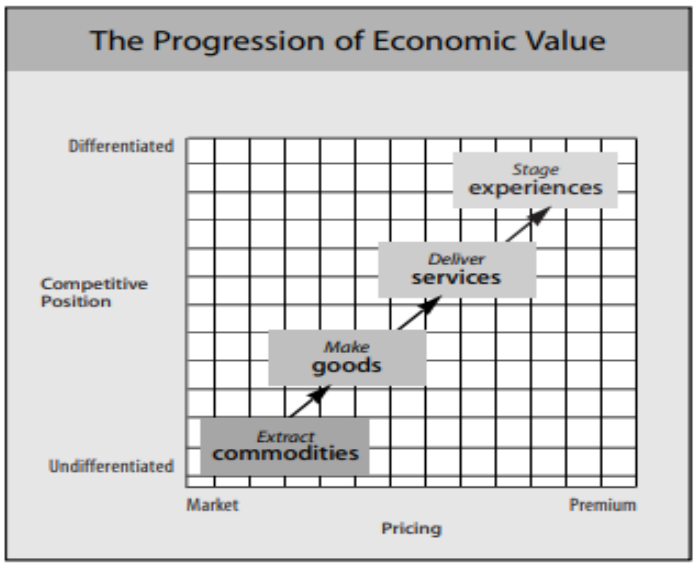
2.2.1 Emergence of the Experience Concept

Customer experience is now one of the most widely discussed concepts within both scientific literature and business studies. It is a relatively new term but also didn't occur in one day. To form a basis for the readers, a brief history about how the experience concept as a whole has evolved through time will be presented in this chapter.

Theories and studies related to marketing have gone through serious transformations during centuries. It started from products and services to marketing and sales, and then it passed to relationships. Finally, it has arrived to creating superior experiences (Marklan and Klaus 2011). As it is also stated in the book of Tavşan and Erdem (2018), business activities have passed through six major customer interaction eras starting by production era with the mass production of Henry Ford's first Model-T. Afterwards, there had been attribute extensions to the products within the product era to impress customers. Unfortunately, this era did not last long and it gave its place to sales era where selling most by any way at all is the crucial goal. Marketing era has started after 1950's where customer started to be in the center of companies and it eventually evolved to relationship era until 2000s. After 2000s, finally the experience era has arrived where now companies are mindful how their customers interact with each and every process of them (Tavşan and Erdem 2018).

Studies in the scientific literature were mostly about only customer satisfaction, services quality and customer relationships management (CRM) until quite recently. However, this is not an indicator of customer experience has left out in the cold. The base concept for customer experience which defends future marketing and business studies should focus more on customers' fantasies, feelings and fun has firstly revealed by Holbrook and Hirchmann studying experiential consumption aspects almost forty years ago (1982). After that, a breaking point has been occurred by the introduction of experience economy by Pine and Gilmore (1998). The underlying conception of economy is that economic value changes in accordance with changing offerings to changing customer needs to pricing. It means that the value creation changes with the same direction with the level of personalization of offerings. This is the basic concept behind the progression of economic value from commodities to goods and services and finally to experiences as shown in the below Figure 2.2: (Pine and Gilmore, 1998):

Figure 2.2: The progression of economic value



Source: Pine, B. J. & Gilmore, J.H., 1998, p. 98

In their book 'Welcome to the Experience Economy', Pine and Gilmore (1998, p. 98) illustrate the change of economies over a birthday cake. In the commodities economy, a mother prepares a birthday cake from herself producing fundamental agricultural commodities such as sugar, flour and etc. by herself. In the goods economy, the mother buys the required ingredients for a cake from a store. When coming to the services

economy phase, the mother now does not deal with any of these preparations and just order a prepared cake from a pastry shop by also paying much more than the first two options. And nowadays, the mother just transfers the whole job including the cake and the birthday party to a provider such as Chuck E. Cheese's who is able to create a unforgettable birthday for her children. Now, this is what called experience economy.

Bernd Schmitt (1999), on the other hand, has owned several studies which will later guide the businesses by expressing that companies should leave focusing on product category upsizing and attributes differentiation, and instead of that, they should start to focus more and more on consumption situations and consumer experiences as soon as possible.

Customer experience is usually seen as eccentric, unachievable and usually thought to be occurring in the state of art companies such as Google or Apple.[25] Furthermore, it is also generally considered as an issue for companies in the business of entertainment. However, all the existed literature state that customers will always have an experience whether it is positive, negative or neutral regardless of what they are receiving from any company or any industry and regardless of whether it is a product or a service (Johnston and Kong 2011). Customer experience era has arrived for everyone out there.

Based on a study results of Shawn and Ivens conducted (2002), it is revealed that majority of a group of business leaders think that distinction merely based on factors such as the price or the delivery is not a feasible solution anymore for their business strategies. The answer is now building strategies upon the experiences of customers. Customers' attitudes towards the offerings of companies are now the prime mover. In today's world, companies no longer have a control over their customers' feelings. Instead, thanks to the Internet, customers have already started to have enormous information and thus opinions about all offerings even at the very early stages of processes. They only trust their own researches before deciding to buy a product. This is the reason behind why businesses should and have started to put their customers into the center and pursue the customer experience paradigm (Tavşan and Erdem 2018). The

[25] Richardson, A., 2010. Using customer journey maps to improve customer experience. *Harvard Business Review*, [online], 28 October 2010, https://hbr.org/2010/11/using-customer-journey-maps-to [accessed 3 March 2019]

existed researches conducted by top consultancy companies like EY and Accenture have also confirmed it by showing an important result that customer experience is the first and top priority for major global companies even being ahead of important indicators like growth or profitability.[26],[27]

Some companies do not exactly understand the concept of customer experience at all, some of them still do not comprehend the importance of it and some of them do not know how exactly to pursue it. However, as it were pointed in the survey result of Bain&Company's with customers of 362 different companies, only 8 percentage of customers think that they are receiving a superior experience while at the same time 80 percentage of these companies think they actually offer superior experiences.[28] This gap between two sides is a magnificent sign for emergence of customer experience concept within all businesses is quite essential and quite as well immediate to win the competition race.

2.2.2 Customer Experience as a Whole

It is discussed in the previous section that customer experience is the top priority of companies in today's competition. Additionally, the number of scientific researches on the subject is increasing continuously. Nevertheless, the extent of the term and its exact definition still remained unrealized for many. In this section, a broad understanding for readers will be attempted to be formed for this reason.

If a company wants to improve itself regarding customer experience, how would they do it without even implicitly define the concept? There are certain answers in the literature to help solving this issue firstly. Customer experience unfortunately can't be downsized to a single moment, it should be considered as the over-all engagement between the customer and the company during the whole being a customer process.

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[26] EY. 2014. Winning through customer experience: EY global consumer banking survey [online], Boston, https://www.ey.com/Publication/vwLUAssets/EY_-_Global_Consumer_Banking_Survey_2014/$FILE/EY-Global-Consumer-Banking-Survey-2014.pdf [accessed 9 March 2019]

[27] Accenture. 2015. Digital transformation in the age of the customer: a spotlight on B2C [online], Forrester,https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Digital_2/Accenture-Digital-Transformation-B2C-spotlight.pdf [accessed 9 March 2019]

[28] Richardson, A., 2010. Using customer journey maps to improve customer experience

Another extensive definition for the customer experience is stated by Gentile, Spiller and Noci as (2007, p. 397);

> *The customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical, and spiritual…*

As it is stated above, customer experience is a long process of being a customer, and thus was also described as "the total experience, including the search, purchase, consumption, and after-sale phases of the experience" (Verhoef et al 2009). For this reason it could be said that customer experience therefore comprises every and each part of what the company offers such as product itself, packaging, advertisement, trustworthiness and customer services quality (Meyer and Schwager 2007). Considering all these points, a customer thus expects and continuously looks for an experience which is captivating, tough, irresistible and remarkable (Pine and Gilmore 1998).

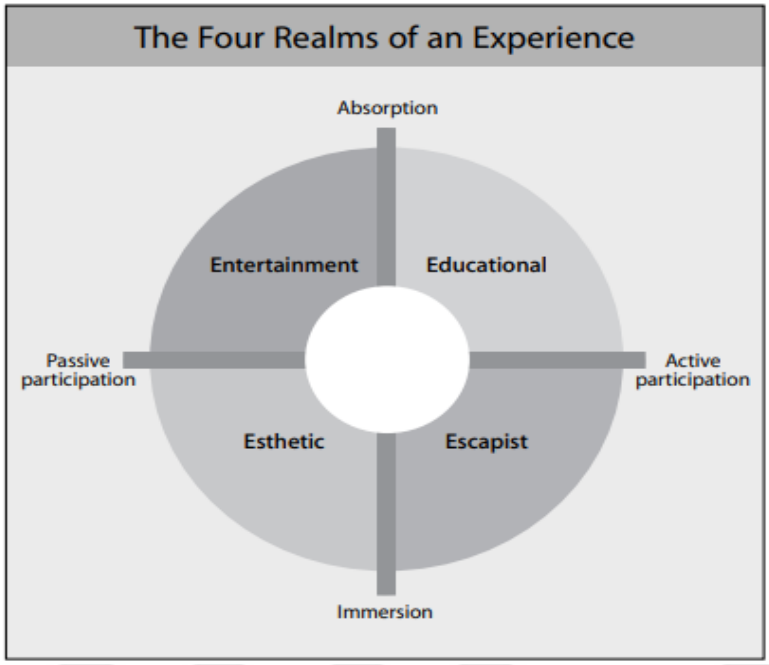
Giving various definitions of the customer experience, the term should be expanded with broader explanations on its scope and functioning. Firstly, it is sort of apparent is that the customer experience comprises of two distinct parts with different needs and behaviors: the customer and the company. As in all communications between two sides, there is an encoding and a decoding phase exists. In encoding process, there is offering of products or services, branding and putting them into the market by companies. On the other hand, companies in this phase are not the only encoders since they do not have total control over their brands and offerings. There is a limitation for that. A company could control its product or service by deciding the logo, the package, the design or any other related feature but at the end of the day, the customer is the one who gets to decide how to shape this image. At the decoding phase, customers interpret the situation based on different stimuli ranging from the quality to online criticisms or calls from services. Depends on these stimuli, the customers constitutes an experience and thus attitudes towards the brand or the company. Companies mostly interest with the results of these attitudes because they turn into behaviors which will later decide whether a customer will be loyal or not. Additionally, loyalty affects the re-purchasing process. There is a significant positive correlation between the experience of the customer and loyalty which means a customer with a positive experience is more likely to buy another product or service from your company (Tavşan and Erdem 2018).

Unlike other offerings like commodities or products or services which are external to the customer, experiences are naturally exclusive to a person. Experiences occur in only people's mind. This is the reason behind two different people can't have the exact same experience (Pine and Gilmore 1998). Customer experiences show differences related with the person, time and context. Therefore, it is easily be said that they are inherently subjective. An experience can be alternated or detoured based on different perspectives of customers which fed from the culture, gender, age, religion, moral or indeed olden experiences. Customers therefore usually tend to interpret experiences by comparing it with other experiences they have, not solely on the existed experience in their hand. As a good example to that matter, Singapore Airlines could be given. Despite the fact that Singapore Airlines is one usually the most innovative airline company who offers their customers a headset or free wireless internet in the airplane for the first time; a customer does not get a good experience from this offering just because it is Singapore Airlines. They conclude that is an indeed good experience by comparing their experiences with other airlines who do not offer these novelties (Tavşan and Erdem 2018).

There are different categorizations in the literature upon different aspects related to experiences. First categorization presented by Pine and Gilmore (1998) based on two measures of experiences: participation and connection. In the passive participation, customer has not any effect on the performance. A person, listening a musical, can be given as an example to that. In contrast, customer definitely affects the performance which creates an experience in the active participation. At the connection side, there is a matter of environmental relationship which forms absorption or antithetically immersion. Therefore, according to Pine and Gilmore's perspective, experiences fall into four different categories within the boundaries of these two measures. They called it 'Four realms of an experience' as it found below exhibit. Experiences which fall into entertainment category represent passive participation along with absorption such as participating in a concert. In the educational experiences, the person actively participates but still could stay out of the event itself such as taking a lesson. In escapist experiences, requires both active participation and immersion together. A person could also still enjoy and learn in this category too as much as the previous ones. Having a part in a theatre play may be given as an example to it. Finally, people have little or passive participation but still are immersed in the last esthetic experiences category such

as enjoying a magnificent scenery. In addition to all that, there is a most desired and welcomed spot for customers which involves all four categories eventually forming the best experiences at all as it is presented in Figure 2.3 (1998, p. 102):

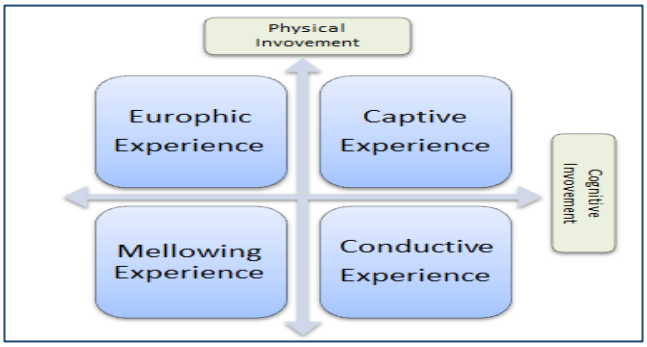
Figure 2.3: The four categories of experience



Source: Pine, B. J., & Gilmore, J. H., 1998, p. 102

A similar logic is used in recent categorization of experiences by Tavşan and Erdem (2018) in their book 'Customer experience management: how to design, integrate, measure and lead'. According to the authors, experiences fall into four group based on two aspects again, but this time as physical and cognitive involvement as can be found in Figure 2.4:

Figure 2.4: Customer involvement matrix



Source: Tavşan and Erdem, 2018.

In the first category defined as mellowing experiences, customers show both nominal physical and cognitive involvement such as relaxing at seaside. In this type of experience, the prime focus of the customer is not generally the existed experience itself. In the second category called conductive experiences, customers show significant physical effort but little cognitive involvement. Assembling furniture like the ones sold in IKEA, could be given as an example to that category. In contrast, low physical effort and high cognitive involvement is a matter in the euphoric experiences. In this type of experiences such as solving a problem, the time and the environment surrounding the customer relatively become irrelevant. Finally, in the last category titled as captive experiences, both physical and cognitive involvements are required at the same time. If a person going through a captive experience, then they totally become wholly absorbed in just the experience itself. For example, playing a game in Xbox could be seen as a captive experience. Captive experiences should be counted as the desired experiences that companies would like to create with their customers to create loyalty (Tavşan and Erdem 2018).

Customer experiences could be created either under control of the companies or not (Verhoef et al. 2009). Therefore, it is suitable to state that customer experiences could be divided also into two major groups as direct or indirect. Direct experiences are initiated by customers including a physical involvement with the product or service themselves. On the other hand, indirect experiences generally started by companies and customers interact with the product or service implicitly over a mediator. To be clearer with an example; when you see an advertisement for a car on TV it counts as indirect experience but if you go to the dealership to see and touch the car yourselves, then it is accounted as a direct experience. (Tavşan and Erdem 2018, Verhoef et al. 2009). Customer experience, sadly, is usually confused with different terms like customer satisfaction or CRM. Since all these terms are premises of loyalty, it is natural to confuse one with another; but it is important to make it clear by segregating these terms. Customer satisfaction is merely about benefits or attributes retrieving from a product or a service while customer experience is a concept which goes much beyond that. In addition, CRM comprises of information gathered for a certain customer and represents a historical data. It also differs from customer experience by focusing on analytics and

quantitative data to represent the customer. CRM chases what the customer does after the actions are happened such as purchasing patterns, service calls, product complaints and etc., while customer experience seeks for nominative information like how customers feel or think along with what customers do. Also, customer experience is mostly about collecting instant reactions whenever a customer gets in touch with a company rather than a historical data (Tavşan and Erdem, 2018).

A major part of the related information is given above about the extent of the customer experience concept. To sum up for the readers and to take as a basis in future experience practices, a recent and in-depth definition presented by the Accenture company will be given as below:[29]

> *Customer experience is how the customers and stakeholders of the company perceive the entirety of the interactions they have with the company throughout sales, marketing and service touch points. Thus, agreeing that in addition to the purchase experience, experiences can occur also before and after the purchase. Combining views of the main researchers in the field, customer experience is the customer's perception of all the encounters between the customer and the organization before, during and after the purchase or service period. Customer experience occurs whenever the customer, actual or potential, interacts with the company directly or indirectly through any touch point, even when the company does not intentionally provide it. Moreover, the customer experiences are subjective and co-produced by customers, therefore customers have the power to affect their own experiences*

2.2.3 Types of Customer Experiences

It has been stated previous in this study that customer experience is not just a snapshot in time, but a long-lasting process. Therefore, different facets of customer experience occur throughout this process. Searching the existed literature, customer experience could be broken into seven major types: brand, product, shopping, user, price, delivery and disposal. Before going into detail of each of them, it is important to specify that even there are different types formed, they all may interfere with another due to complex nature of experience itself (Tavşan and Erdem, 2018).

2.2.3.1 Brand experience

Schmitt et al. (2009) believe that the brand experience is an inclusive concept than any other brand division such as brand equity or value, associations or brand personality where each has strong cognitive and analytical roots. When it comes to the brand,

[29] Accenture, 2015. *Digital transformation in the age of the customer: a spotlight on B2C*

customers usually expect something particular. They also expect from the brand to contact with their hearts to excite or attach themselves. It means they expect much more than a bunch of slogans or burdened messages.

In the literature, the term brand experience is usually thought as coming to the same thing with customer experience term. In other words, some suggest that one may use one term over the other. The fact is, you can't. The reason for it, the brand experience is not the same thing with customer experience but actually is a subset of it (Tavşan and Erdem 2018).

According to Schmitt et al. (2009, p.52), brand experience is "conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments". In addition to defining the concept, they also suggest that brand experience has four different aspects as sensory, affective, intellectual and behavioral. Based on this definition and the extent of brand experience, it could be said that brand experience is a subject which totally company-controlled like logo, design or store environment. Therefore, the concept itself does not involve aspects such as salespersons' communication with customers, WOM marketing and etc. (Tavşan and Erdem 2018).

In brand experience concept, product designing forms a significantly important part. One may detect, while shopping, similar symbols in certain categories such as white color in cleaning products. This is called as 'category convention'. Hence, companies should be careful while designing their products that their brands have the similar symbols or indicators within specific category that the product belongs. If they do not so, the customers may get confused even ending up with not purchasing the product at all. It is wished for companies to offer unique brand experiences of course, but while doing so, companies should try corresponding with boundaries of category conventions. If not, they might even destroy their customer experience instead of enhancing it (Tavşan and Erdem 2018).

Brand experiences show differences regarding their power or intensiveness. They also differ from each other with degree of their values such as being more positive or more

negative. In addition, the length of time duration of experience occurring is an important factor, too. The stronger, more the positive and longer the brand experience is, it is also more likely to stay in people's minds which will affect customer satisfaction and eventually customer loyalty in the future (Schmitt et al. 2009). Therefore, it is absolutely important for companies to offer distinctive brand experiences, however, it should always be remembered that superior brand experience is not the only element and assurance for superior customer experience (Tavşan and Erdem 2018).

2.2.3.2 Product experience

Interactions between consumers and products grew in importance especially in recent years. The reason for that is all emergence, intensity and the variety of these interactions have significantly increased in our daily lives, too. Therefore, an aspect called product experience was born under the customer experience concept's umbrella. The term, product experience, is most broadly defined by Desmet and Hekkert (2007, p. 2) as:

> *the entire set of affects that is elicited by the interaction between a user and a product, including the degree to which all our senses are gratified (aesthetic experience), the meanings we attach to the product (experience of meaning) and the feelings and emotions that are elicited (emotional experience)*

These interactions between customers and products could occur differently as per customer's different sensory manners. These manners may range from visual or auditory to gustatory. Since products also have multi-modal natures, multiple sensorial things may be experienced by a human at one and the same time. People may receive all these sensorial information deliberatively or unconsciously also regardless of the designer's intention being conscious or non-conscious. No matter what, this type of information definitely affects the customers' perception about the product, their comprehension, experience and eventually their actions in the future in regard to products (Schifferstein and Hekkert 2008).

As going through interactions between customers and products, it should be stated that these interactions could be both directly or indirectly. For example, one can see an advertisement for a car model which goes into indirect experience class. However, if he or she goes a to a dealership for a test-drive along with seeing the car itself, touching it and using it first hand, then it classifies as direct product experience. In this context, it

can easily be said that indirect experiences usually play a role for convincing customers to involve in an interaction directly with the product. Final interpretations and behaviors of the customers thus occur as a blend of both type of experiences (Tavşan and Erdem 2018).

Product experience, as it is also supported in the literature, differs from person to person or context to context. Since experience is subjective by nature, each person may form different interactions with the same product leading a distinctive product experience. Additionally, product experiences are influenced by the environment-related factors and components like packaging, easiness of usage, storage and configuration along with emotional, perceptional and cognitive components play a key role defining the content and direction of the experience as from superior to worse (Tavşan and Erdem 2018, Schifferstein and Hekkert 2008).

2.2.3.3 Shopping experience

Shopping experience is occurred when a customer interact with a company's physical or online store. This facet of customer experience concept is individual and also stimulated, owns a particular goal, rises as a result of direct or indirect interaction between customers and the company and it takes in different levels of customer involvement (Meyer and Schwager 2007, Gentile et al. 2007).

Shopping experience of customers definitely affects their responses to selling environment changing from emotional to physical. However, companies do not have full control over their customers' experiences. Even some parts of it may be controlled by the company such as store atmosphere, price or variety, there are still other parts unfortunately can't be directly controlled by the company such as influence of exterior parties, customer's motive for shopping and etc. (Bustamante and Rubio 2017). Whether it can be controlled or not, companies should be aware different aspects of a shopping experience when designing it. For example, accessibility which may involves location decisions regarding easiness for reaching the store or parking spot decisions.

Environmental and atmospheric design decisions along with service personnel decisions are strictly important when it comes to the shopping experience. Companies should even be aware of gender differences which are studied as an important discriminant.

Shopping experience has recently become much more than a purchasing activity. It now refers a broader concept including superficial experiences resulting from acquiring of a product. People see shopping experience as something either an entertainment or a leisure activity. Additionally, as this type of emotional contact increasing, customers start to spend more and more time in a store, they become more likely to purchase even more and like the store more which eventually affect their opinions on brand positively. Therefore, it can be easily said that a superior shopping experience is a highly effective tool to gain competitive virtue within all other retailers (Tavşan and Erdem 2018, Jones 1998).

2.2.3.4 User experience

User experience term has gained its reputation after the spread of internet usage. Before that companies were only interested the design of their traditional brick and mortar businesses and resulted experiences from there. However, most companies now trying to form superior user experiences through their virtual presenting including online stores, websites or mobile applications and etc.

Customers, in general, expect and of course also prefer easy to use interfaces. Additionally, they also prefer to find what they are looking for without making any exhaustive searching. They would like to be engaged in a satisfactory process within the online environment. In brief, they would like to interact with an online present which is user-driven, user-friendly and reliable (Sadeh 2008). This type of an experience is a complex concept which comprising great numbers of elements. It is not all about usability but rather about user's intellective, social and sensual interactions with the online existence of the company or the brand such as user's pleasure, aesthetic experience gained from online offering or occurrence of an intention to buy again and etc. Overall quality and appropriate usage of technology is also be considered within this concept.

Usability, visual and interaction design, beauty, content, information structure and hedonic aspects of a user experience are all significantly important creating trust within customers, overall experience with the brand and eventually customer loyalty which is the key for success (Tavşan and Erdem 2018, Effie and Schaik 2010, Schaik and Ling 2008).

2.2.3.5 Price experience

Price experience is an important part of total customer experience concept. It is known that price affect how we evaluate the product, the brand and even whole journey as a whole. It also suggested that how much one enjoys from a product can be effected by how much we pay for it.

Price is an indicator for how consumers perceive products. It can be both positive and negative. On one hand, if a seller puts a too high price for its products, consumer may perceive it as poor value and do not attempt to buy it. On the other hand, a high price sometimes can be seen as a symbol of high quality. Additionally, setting a lower price for a product is usually found as a symbol of poor quality, poor performance and it brings various negative thoughts into the customers' minds. Together with well-known importance of putting the right price, companies should start putting experiential pricing strategies into the table for differentiate themselves in the hot competition of pricing. The reason behind that is today's customers are relatively familiar with traditional pricing strategies and they are in search for distinctive offers for gaining superior customer experience. Therefore, pricing should also be considered as a part of total customer experience management system, not as merely an economic element (Tavşan and Erdem 2018, Kamaladevi 2010). In this point, research studies suggest being in alliance with customers may help companies to set the right prices. In case of they can't, customers may probably feel disappointed since they didn't get what they pay for. This is exactly what companies should avoid managing customer experiences.

2.2.3.6 Delivery experience

Delivery experience is another major part of total customer experience, which is somewhat left unconcerned by many companies. However, it should be getting more and more attention since customers' expectations are increasing day by day thanks to innovative companies like Amazon.

Today's delivery is more complex omni-channel system rather than just transporting a product one point to another. Many companies now strategically cooperate with different distributors to offer valuable deliver experience with its customers. In the developed technology and changing experience economy, customers now expect to

have what they want at any time they desire. Delivery experience is now becoming a norm for all sellers and customers rather than something just nice-to-have.

In delivery facet of customer experience concept, it is crucial for companies to deliver what they promised in addition with in shape and in time as they also promised. It is also important to know that different segments of customers, expect different ways for delivering. Some of them would want to have more control and information over the delivery process like UPS did before, while some of them would like to deliver their products unassembled to do it themselves just like IKEA products (Tavşan and Erdem 2018). Companies should take these differences into consideration and design their delivery processes accordingly to deliver better and tailored customer experience.

2.2.3.7 Disposal experience

Disposal experience is the last major facet of customer experience concept in this study and it has a significant role just as the other ones. It covers different aspects including packaging, recycling, up-cycling and eventually sustainability. In today's world, customers are not just interested with usage of products, they also concerned with post-usage process since most of them expect to products to be green.

Customers are now in desire for disposing their used products in a way which will not hurt the environment. Back then, companies use materials like plastics for cost reduction but now they start to notice increasing awareness of customers, so they invest in environment-friendly materials. Also it is noticed that people started pay more for greener products (Biswas 2016).

Disposal experience indeed is not about disposal of wastes, it is now also about reuse the product or up-cycle it. Therefore, companies should think about these sides of customer experiences at very first stages like designing the product. For example, a company named HangerPak designs and produces packs for online retailer companies. The HangerPak package is very different from its alternatives with its ability to turn a hanger in instant. With this design technique, not only a superior disposal experience is presented to customers, but also every time they see the hanger, it will make them remember the brand and eventually create a meaning for them and a connection with the brand itself (Tavşan and Erdem 2018).

2.2.4 Customer Experience Management

Existed literature is highly familiar with the term CRM, but customer experience management concept (CEM) is quite unknown for many. Until these days, traditional CRM model was efficient itself but as Meyer and Schwager (2007) expressed, there is a rapid transition to CEM since it minimizes CRM's weaknesses.

Despite the fact that there is no full and adequate description of CEM, most suitable one is presented by Schmitt et al. (2009) as a concept which stands for the whole process applied for broadly manage all customer interactions with the company, the product or service or with any other offering. It is about both designing and implementing of customer experience along whole journey to generate value for both sides. In CEM, designing or implementing the process is not enough on its own. Companies should also track and try to optimize the process within all touch points to be able to fulfill customers' all experiential needs and expectations while pursuing a sustainable business (Tavşan and Erdem 2018).

In order to have a greater customer experience management system and provide superior customer experience by this way, companies certainly put customers into the center of their all processes. They certainly need to follow an outside-in strategy rather than an inside-out one. It means being user-centric and always prioritize what the customers expect to experience instead of making them experience in a way company wants (Tavşan and Erdem 2018). Therefore, it is officially found in a survey conducted by Pierre Audoin Consultant company in 2015 that 70 percent of companies see customer experience management as a key success factor (Scherpen, Draghici and Niemann 2018). Indeed, as Steve Cannon, the chief executive officer of Mercedes Benz USA, once told "customer experience is the new marketing" (Homburg et al. 2015).

Despite the fact that companies and actually managers face with some challenges as it will be covered soon; each and every firm should always remember the very impressive

quote from Walt Disney throughout a customer experience management process and act accordingly:[30]

> *Whatever you do, do it well. Do it so well that when people see you do it, they will want to come back and see you do it again, and they will want to bring others and show them how well you do what you do.*

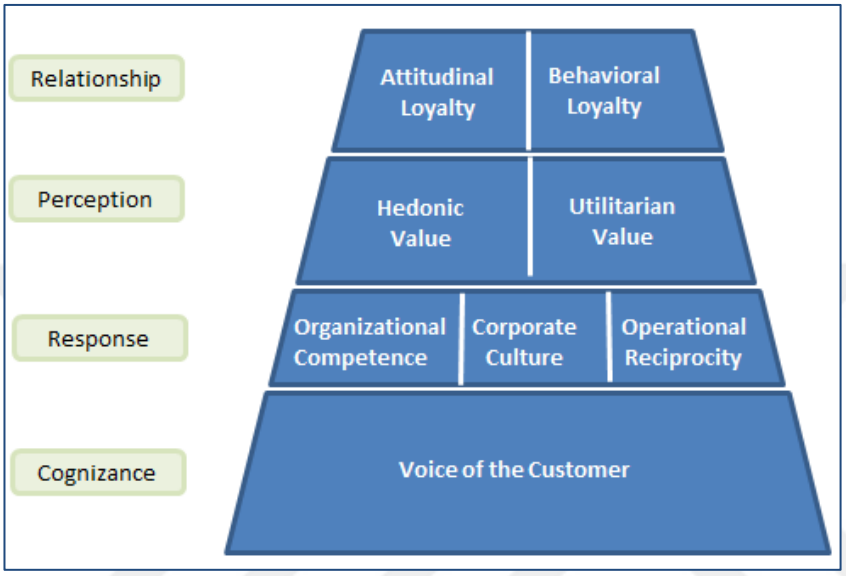
As it was mentioned above, managers and companies when applying or even before applying CEM practices, deal with three main challenges. First and perhaps the most important challenge is the concern for profitability. Since budget of companies is restricted, managers do not want to spend money recklessly on something they are not sure how to measure in form of return on investment. By doing so, managers usually forget that customer experience today is the actual business bottom line. Second challenge is that companies usually have difficulty with adapting themselves with needs of their customers. Normally, people coming from customer-related positions such as marketing, sales and etc. adapt easily but on the other hand managers coming from bases like engineering, finance or production generally have a hard time adapting themselves into customer experience management system. Third challenge is the fear of results coming from customer experience data. Companies and managers are afraid of being not delivering what customers need and expect (Meyer and Schwager 2007).

CEM concept is much more than exploring quantitative data which covers how often customers make a purchase or which channel they choose while buying or which media medium they choose to follow and etc. It is more about gathering qualitative information on customers' emotions. By this way, companies may be able to provide relevant and worthwhile products or services to their customers (Tavşan and Erdem 2018).

[30] Harvard Business Review, 2016. Advancing the customer experience. A harvard business review analytic services report [online], p.6, https://hbr.org/sponsored/2016/04/advancing-the-customer-experience [accessed 18 March 2019]

An easy-to-apply and well-developed customer experience management model called ‘The Erdem-Tavşan CEM Model’ presented in the Figure 2.5. This model is consisted of four different levels: Cognizance, Response, Perception and Relationship (Tavşan and Erdem 2018, p.67).

Figure 2.5: The Erdem-Tavşan CEM Model



Source: Tavşan and Erdem, 2018, p.67

Cognizance is the first step of this model and it aims realizing what experiences that customers actually seek by various methods such as observing, paying attention and noticing every point even the little ones.

All these coming together comprise ‘Voice of the Customer’. There are various ways that companies take advantage to collect voice of the customers ranging from surveys, reviews to online commonalties.

The second stage, response, shows how much a company capable of closing the experiential distance. To be able to do so, companies should focus on three major elements: Organizational competence, corporate climate and operational retribution. Organizational competence stands for having the talented human resources for providing objective responses, in this case experiences, to the customers. Corporate culture as a second aspect also plays an important role in either encouraging or not supporting employees to make an effort in experience management activities. Corporate culture is also open to be indirectly affected by external factors, too. Operational

retribution as final aspect of response stage is an indicator of a company's capability to deliver intended experiences by using its all functional process such as production or distribution.

Perception level is about how customers comprehend the brand. In this level, it is important to mention that customers or even in general people obtain experiences in two distinctive format as hedonic or utilitarian. Utilitarian values represent functional benefits while hedonic values refer enjoyment. In this step, companies should define which type of experiences or values that they want to offer to their customers by also keeping in their minds that the more hedonic values they create, the more likely their customers will show a tendency to make a buy.

Finally, the last relationship level investigates the relationship between the company and its customers based on four main variances consisted of content, strength, valence and frequency. In relationship level, loyalty must be certainly analyzed. There are two types of loyalty can be found in customers: Attitudinal loyalty and behavioral loyalty. The most significant distinction between these two types of loyalty is that attitudes are enclosed while behaviors are obvious. However, there is a strange and conflicted relationship between these loyalties. A customer having an attitudinal loyalty for a brand or company unfortunately may not have a behavioral loyalty for the same brand (Tavşan and Erdem 2018).

To sum up, even though the model above is a fundamental guide for companies in search of delivering superior experiences to their customers, they should invest and work harder on CEM process no matter how they are able to apply it within their structures. It is an inevitable truth and in the very near future companies without a well-established CEM model will fall way behind the competition.

2.2.4.1 Customer journey maps

Customer journey term stands for all confrontations, namely touch points, between customers and brands. In addition to that, customer journey map is an effective instrument used as an illustration of all stages and touch points that a customer experience throughout their journeys by specifying what they think, how they feel and

what they make at each and every interaction point with the brand (Tavşan and Erdem 2018, Meyer and Schwager 2007).

To make the customer journey and touch points clearer, think about an airline company's customer's flight experience. It is explored that a customer mostly interacts with more than 60 touch points throughout a flight journey. Journey basically starts with ticket price and availability search and continues with usage of website, kiosk, other online platforms or call-services. Then he or she continues with arriving to the airport, check-in procedure, waiting for the departure. Journey ends with things happened during the flight, offerings, getting off, check-out and arriving to the final destination. As one can easily see that a flight journey is not just about going from Point A to the Point B, as such an airline company should consider and analyze all these touch points carefully in terms of providing greater experience (Duran and Uray 2018).

A recent and a broader breakdown for actual customer journey is made by Tavşan and Erdem (2018, p. 99) with supported by various micro-stages are shown as in Table 2.1:

Table 2.1: Customer journey steps

Pre-Purchase	Purchase	Post-Purchase
Problem arousal	Placement	Adaptation
Awareness	Payment	Extension
Recognition	Delivery	Fixation
Exploration	Installation	Replacement
Evaluation	Division	Refund
Search	Consumption	Disposal
	Transaction	

Source: Tavşan, N. & Erdem, C., 2018, *p. 99*

At each micro-stage, a customer goes after a different goal which led him or her to a single expected final goal. Also, at the end of the each micro stage, customers make a decision whether to continue or not as result of gained experience at the hand. Therefore, companies should be concerned with each customer journey stage. In addition to these, customers also develop different feelings at each micro stage and they act accordingly. As it is appeared in the definition, a customer journey maps are about capturing these feelings, thoughts and actions, companies should try to find out what may spoil the whole journey by being more careful in micro stages. By this way, they

can be able to interfere in and fix the problem in time without losing any customers at any point of their journey (Tavşan and Erdem 2018).

It is known that people form their behaviors based on two different aspects: pleasure and pain. If this general knowledge is applied to the experience concept, touch points could be breakdown into three major points by comparing expected and presented values. With a simple formulation, they can be stated as pleasure points where presented values greater than expected values; as pain points where presented values are lower than expected values in reality and finally as equity points where expected and presented values are practically equal to each other. Based on this classification, one can deduce that if a company wants to increase its profitability by means of greater customer experience and retention, then they should design the journey to offer more pleasure points than pain points to the customers (Tavşan and Erdem 2018).

A customer experience journey should be considered as a timeline, not as a cluster of discrete points. Indeed, it constitutes of consecutive moment of truths. Moment of truth is defined as any interaction with the brand or company which leaves an effect on customer about this specific brand. There are four basic level of moments of truth which can be paired off as zero moment of truth equals to social and indirect discovery, first moment of truth equals to purchasing or at least purchasing conation, second moment of truth equals to consumption process including values and finally third moment of truth equals to sharing (Tavşan and Erdem 2018).

Customer journey maps are significantly effective tools but there are some things which a company should be careful while implementing them. First of all, it is important for a company to know that customer journeys change from segment to segment. Companies thus should avoid generating a fixed journey map and instead they should try to design a different map for each segment by creating personas representing each segment. In addition to that, companies should also take various other factors such as barriers, opportunities, responsibilities, customer involvement, demographics, current interests and goals, behaviors and etc. into consideration. On the other hand, a company should combine judgment-driven analyses with data-driven ones. This duty involves switching from cross-functional perspectives to journey orientation. Companies can embrace this type of experience journey approach by four major ways. At first, they should determine

which journeys to be specialized on. Then, they need to evaluate how they are performing in these journeys and involved touch points to be able to redesign their process to improve them, if necessary. And finally, they need to change the corporate culture which will provide continuous, sustainable and large-scale progress in terms of greater customer experience. This is not an easy job and for many companies out there, it may take years to accomplish. However, when done, it comes with a number of amazing awards: higher satisfaction within both employees and customers, increased revenue, decreased costs and, of course, much higher competitive advantage (Tavşan and Erdem 2018, Rawson et al. 2013).

2.2.4.2 Experiential marketing communications

Marketing communication is a vital tool for companies to associate their brands with customers, places, emotions, experiences and even with other brands. It is strongly useful for forming extraordinary experiences and establishing both online and offline brand groups. Powerful communication methods also assist companies to strengthen their brand equities and boost their profits at the same time (Keller 2009). At the end, marketing communications in general, form what customers expect from brands and also affect how much they are satisfied and how much loyal they are to brands.

In marketing communications concept, companies may choose putting to use rational messages or emotional messages or they may choose to use both of them. Rational messages are more for promoting features and benefits of products. Emotional messages are more for creating dreams, feelings and wants, thus they are more customer-centric. Choosing between these two options may change related with level of customers' involvement, but it can be easily said that most successful communications generally occur as a combination of two (Smilansky 2009).

Traditional marketing communication methods always look from company side, instead of looking from customers' perspective. In addition, they mostly rely on mass media mediums forgetting that customers in this era already have access to tremendous amount of information about all brands and their offerings. New methods started to change the context of communication by giving priority to experiences and branding activities (Tavşan and Erdem 2018, Keller 2009). Today, customers are not obliged to interest with new outputs of 'experiential' marketing communication tools. Instead, they

are voluntarily interested since a strong engagement occurs between customers and brands at a very personal level (Kailani and Ciobotar 2015). In this point, a brief comparison should be done between integrated and experiential marketing communications to understand the context clearer. Until nowadays, a model called integrated marketing communications (IMC) was the most applied and also most studied model within both scientific and business environments. Despite the fact that it was a well-established and highly effective model, it started to fail to satisfy. The main reason for that, IMC was consisting of various tools which all mostly focused on selling more. Opposite to IMC, recently born experiential marketing communication (EMC) model did not focus solely on sales, it indeed focuses on the entire journey of the customer starting before purchase stages until disposal stage. Additionally, IMC model was highly stationary. What is wrong with that is customers personally change through their journeys as a customer, so marketing communication methods should also be altered too, as it is in EMC. Regardless of IMC model's flaws, it was definitely successful at providing consistent messages from every communication mediums. Thus, companies should try to do the same while applying EMC methods at different channels (Tavşan and Erdem 2018).

Customers, through their decision process, pass by different stages. These stages has been clustered into five main groups and titled as 'Customer Decision Tunnel' in IMC model. However, it has titled as 'Customer Decision Prism' in EMC model, because there is an additional cluster called 'collective awareness set'. This difference between two models has occurred as a result of technological improvements. Customers now gain enormous information about products, even long before purchase stage. Companies or brands who want to apply a superior EMC model, thus should find out the motivational factors which led customers to one stage from another. Then, they should privatize their messages according to them (Tavşan and Erdem 2018). Finally, if companies realize some factors like EMC is a continuously living part of the organization itself, they need to instil this idea to all employees and design all communication campaigns based on knowledge provided above; they most probably create superior customer experiences and eventually can turn their customers into brand advocates.

2.2.4.3 Methods of customer experience measurement

Every company looking for superior experiences is also looking for new metrics and scales to measure customer experience. Customer experience (CX) measurement is crucial for businesses but it can be also extremely complex and overwhelming, too. There are already some main metrics used widely, yet the number of options is increasing. These options will be reviewed briefly in this section.

There are some general important points that companies should take into consideration before applying CX metrics or scales. First of all, companies should be aware of that getting 'return on investment (ROI)' results from customer experience management program will definitely take time and a lot effort. Thus, they should be patient even though they find and apply the right methods. After that, companies which want to find out the experience level of their customers, should find an appropriate method and also should apply it on the right level within the organization in the right time. Additionally, methods and scales must be made clear within all employees working in any part of the organization. Employee engagement is one the key factors when it comes to both providing, measuring and sustaining customer experience. However, one single thing to always remember behind all of these, is making sure that you as a company put 'Voice of the Customer (VoC)' into center of their CX measurement methods. Nevertheless, VoC should not be considered as voice of only existed customers, it should be widen for all potential customers out there who might benefit from your products or services in the future (Tavşan and Erdem 2018).

Companies must define what they want to measure in detail. They should specify goals to be able to find the most suitable measurement method in a variety of options. Moreover, they definitely should design a CX measurement system in view of the fact that entire journey of the customers. Finally, chosen CX measurement method should be both qualitative and quantitative which is also supported with more sophisticated mechanisms to not only find the problem but also reform it (Tavşan and Erdem 2018). However, it is not fatal which method a company chooses at the end of the day. What is the most important is that they find a method, stick to it, execute within all levels of organization and finally try to change their businesses to provide better experiences for their customers no matter what.

There are some major methods identified as most used ones in business perspective including Net Promoter Score, Customer Satisfaction Score or Customer Effort Score (Tavşan and Erdem 2018).

2.2.5 Interrelated relationships of customer experience

Customer experience is a highly new concept for both researchers and marketers, thus requires further investigations. For centruies marketers took advantages of different factors starting from quality respectively to price, brand to service. Today, the only tool that they have for differantiation is experiences (Shaw and Ivens 2002). For a long time of period, experiences hold the same with satisfaction. However, it was detected that most of the customers leave the brand even if they state they are satisfied enough. Experiences of customers are now though as something much bigger than satisfaction. It is the ultimate tool for generating and impowering a sustainable and long-lasting loyalty based relatiobships with customer (Mascarenhas et al. 2006).

Interrelated relationships of customer experience is not only limited to loyalty. Trust is one of the prerequisities of the brand loyalty and so it is easy to think that customer experience might be somehow concerned with trust in an indirect way. In fact, a customer develops trust towards a brand based on his cognition of it. To develop cognition, certain level of information about an object is necessary. According to Ha and Perks (2005, p. 439), experiences presented as obtaining a high level of familarity with a particular object, in this case a brand. Therefore, it is suitable to state that experiences could be considered as need for brand trust construction. It is also found that if customers involve in positive experiences with a particular brand, the possibility of them to develop trust towards this brand as a result of an emotional attachment emergence.

Based upon this guiding knowledge on customer experience considering its relationship with other business aspects, it has been hypothesized in the study as;

H3: Customer experience has an influence on brand trust.

2.3 BRAND TRUST

Trust itself is a widely examined subject within different disciplines including psychology, sociology, economics, business management and marketing. Each of these disciplines brings different substances to the subject but also this situation makes harder to come to a single and united conclusion (Delgado-Ballester and Aleman 2005). Investigating the brand trust as a sub-set of the general trust concept is quite important to be able to understand the relationship between customers and brands. The reason behind that is trust is shaped as the primary composition within any type of relationship (Morgan and Hunt 1994). Therefore, considering a business nowadays without a reciprocal trust relationship is sort of nonsense.

Based on this perspective, brand trust will be comprehensively clarified in this part of the study, starting with general trust explanations.

2.3.1 Trust in General

Investigating the trust concept as it is in general could help researchers or marketers to understand brand trust better. Trust has been defined by many in a different way. It is described by Fukuyama (1995) who has established great numbers of studies on trust terms as the society's expectation which is neat, honest, cooperative and complied with society norms. Having faith in situations, which are unknown and unpredictable due to their risky natures, will bring positive conclusions (Lewis and Weigert 1985). Trust can be also defined as a set of various emotions which convince people to believe that the person against them is trustworthy and honest, and he will keep his promise by always considering the partner's needs and interests (Geyskens et al. 1998). It is also defined as preferring an object or a person despite of perceiving this particular object risky regarding its characteristics (Romaniuk and Bogomolova 2005).

Trust behavior occurs as a result of either a positive and powerful appeal towards the object of trust (emotional dimension) or a strong and legitimate reason to trust an object (cognitive dimension). Most of the time of our lives, humans utilize from a combination of these two dimensions which are capable of transforming one to another (Erdem 2003, Lewis and Weigert 1985):

i. Emotional dimension to be formed, a strong and a positive emotional bonding between two parties is necessary. At the foundation of it, rapid emotional reactions, attractiveness, aesthetics and helpfulness take place. More associational qualities exist in the emotional dimension of trust. As an example, if a customer is emotionally connected with a particular car model or a brand in the automotive sector, than it means he or she will never desire any other brand's products. Therefore, emotional dimension of trust generally considered as more powerful than cognitive dimension (Erdem, 2003).

ii. Cognitive dimension relies on sole rational motives. To make a cognitive decision, individuals need certain information about the trust object. Besides, that information should also be based on rationalities. By only this way, the person could be satisfied with his or her right trust decisions. Precision thus plays an important role in cognitive dimension of trust.

2.3.2 Brand Trust and Typical Characteristics

Managing customer relationships is crucial for each company and brand trust is located in the center of these relationships. Now, every marketer is concerned about creating trust the most. Trust is something that can't be bought but should be built. Besides, it is delicate, difficult to start and gradual to develop. For this reason, companies need to be aware of how easy to lose trust and they should be sensitive about it at highest level as possible (Blomqvist 1997).

Brand trust is an extensively researched subject, thus there are various distinctive definitions and perspectives. To make it clearer, Doney and Cannon (1997) sees the brand trust as a brand's offering superior customer satisfaction by exercising its responsibilities with good will. Similarly Chaudhuri and Holbrook (2001) see it as a customer's faith in the brand regarding its ability to perform certain functions. Additionally, it is defended that if a customer believes that a particular brand looks after his or her interests, is honest with its statements, will make an effort and adequately solve a problem, brand trust emerges. In the same vein, a brand which is trusted by customers is the one which fulfills its promises to customers from development, production, sales, after sales services to even crisis times with honesty, responsibility,

consistency and competency (Alam and Yasin 2010, Delgado-Ballester and Aleman 2005).

Trust forms as a result of an interaction between customers and brands. It also involves a reasoned and careful evaluation or calculation of the value by customers obtained through this interaction. If customers decide that they have been offered greater values then their trust in brand would be higher. Thus it can be concluded that emergence of trust happens as a result of a direct and positive experience with the brand (Kabadayı and Alan 2012, Laroche et al. 2012, Chaudhuri and Holbrook 2001). Within this context, it can be also said that as its nature, trust is a both dynamic and a stagnant process at the same time. Trust may change throughout this process at a positive or negative direction or even gone forever. Brands itself and also customers change and so as their experiences change (Elliot and Yannopoulou 2007, Blomqvist 1997).

Based on the knowledge above, brand trust is considered as having two major dimensions: brand reliability and brand intentions. Reliability as the first dimension presents a more technical or competency-based side of the trust term since needs and expectations of customers to be fulfilled by brands are the issue in here. On the other hand, intentions as a second dimension, represents the emotional part of the trust. In this dimension, customers expect from brands to prioritize their interests and prosperity with good will evidence, even in the face of problems (Delgado- Ballester and Aleman 2005, Delgado-Ballester 2002).

2.3.3 Agents in Relation with Brand Trust

Brand trust is generally evaluated and mostly found related with main factors including trustworthiness, honesty, charity, safety, competence and utility to society (Chaudhuri and Holbrook 2001). In a similar vein, Lau and Lee (1999) see perception of competence, predictability, benevolence and authenticity as four main subsidiaries of the brand trust. To explore these terms further, competence in here refers being aware of stated promises with brand's market adequacy, market experience, knowledge and abilities. Sufficient brands solve their customers' problems and fulfill their in a highest level. Customer's perception about a brand's competence occurs as a result of direct experiences or WOM (Li and Miniard 2006). As it is confirmed by several studies, brand trust increases as the WOM interactions increase (Alam and Yasin 2010).

Predictability presents that a brand hold consistency in terms of product or service quality. Therefore, this factor also involves two sub-factors as consistence and utility. Delgado-Ballester and Aleman (2005) have proven that high levels of quality always result in emergence of brand. In fact, the authors highlight the importance of perceived quality within brand trust especially considering foreign-oriented companies. Unfortunately, customers' knowledge on these mentioned factors is relatively short-termed. Brands need to build persistence to have permanent trust within their customers Benevolence is a useful factor for brands to create reputation and dignity which may eventually increase a customer's trust towards a brand. Honesty, on the other hand, is a principal indicates keeping stated promises, being highly ethical and reliable communication and information sharing ability with right partners (Lau and Lee 1999). In this sense, factors such as stronger communication, being open to customers and listening them carefully along with involving employees to kept informed are found as strong effecters on brand trust level (Morgan and Hunt 1994).

The numbers of factors affecting brand loyalty is countless. However, customer satisfaction is found profoundly vital for brand trust by many. However, satisfaction does not directly create trust at the very time. If brand keeps satisfying its customers by prioritizing their needs and expectations in a sustainable way, then a trust based relationship will occur gradually (Delgado-Ballester and Aleman 2005).

It is important to state that brand trust could be prevailed differently in different contexts. One of the reasons behind trust differentiation could be product category which is found highly related with brand trust. For example, a customer does not question whether to trust a brand or not when purchasing a convenience product. However, the importance level of trust of the same customer would be quite high when purchasing a high-tech product such as a car. Moreover, trust can also be changed in regard to industrial or market basis. Size of the firm, being long-established, position within the market and even internal structure of it influences customers' trust towards its offerings. Cultural factors also may alter the level of brand trust because some cultures more value trust in any kind of relationship (Blomqvist 1997).

Firm and brand characteristics play a huge role in brand trust construction between partners. They both support affect each other in different terms. Firm and brand

reputation is one of these major elements. Reputation spreads by virtue of WOM communications. Customers who had positive experiences with certain brands would mention this to others and eventually led them to purchase from this brand, too. Perceived and experienced quality is considered to be highly important within this context. Brand's and firm's ingenuity which enable them to know their customers far better, to realize customers' problems immediately and to act accordingly to fulfill every need of customers; obviously increases the trust within partners. For all these factors, a brand should be knowable prior to be involved in an interaction with a customer. Because, it is irrational for customers to trust a brand which they even know a little about (Lau and Lee 1999). Together with mentioned characteristics, brand personality, brand image and brand awareness are considered the most important traits of trust as in brand context. Brand personality directly affects customer perception against brand and therefore all partners from front-end employees to high level managers should act accordingly by knowing they all have a huge role in trust within their brands. Brand image is a powerful tool for firms to gain a privileged ground within customers' minds and hearts. It helps firms to stand out. Competitors may copy others' products or technologies but it is almost impossible to copy a perception against something. Therefore, a positive brand image could raise purchase intentions which would gradually turn into a trust-based relationship. Firms can control the trust element within awareness context by means of communication such as advertising, sponsorship, marketing mix, logo, design or even name of the brand. By controlling these mediums, firms aim to make their brands is the first when any similar association arises (Keller 2009, Delgado-Ballester and Aleman 2005)

As one of the last but not least agents, it is greatly discussed that an uncertain and risk-available environment is an absolute must for anyone to be able to talk about trust (Matzler et al. 2008, Delgado-Ballester and Aleman 2005, Chaudhuri and Holbrook 2001). If there are limited sources of knowledge on the hand, then customers need to somehow cope with this uncertainty considering brand issues. Thus, it means there has to be a possibility for avoiding risks. If a customer has a full knowledge about a brand, then it becomes an indicator of a legitimate judgment instead of trust. On the contrary, if there is no information available then it is considered as a kind of gamble (Alam and Yasin 2010). Brand trust has an effect on lowering perceived risks through innovation

and so on increasing innovative technology purchases. Several studies have shown that inclination arises from consumer innovativeness traits and reveal brand trust's effect on personally accepted process as innovative (Planing 2011).

2.3.4 Winning or Losing Brand Trust

There are a great number of studies conducted to see what can companies do to gain trust from customers or not to damage a trust-based relationship already constructed. In fact, trust is a concept which shouldn't be seen as either black or white. It should be treated as grey. It means that a firm should both try to create new trust based relations and also try to sustain the ones they already have. Thus, it is important to understand the underlying factors influencing brand trust in either direction. Brand trust actually is not sole tool that a firm can utilize. There are also other determinants which strengthen the overall trust level of the company along with increase the trust in brand itself. These determinants can be defined as;

i. Providing trust towards brand itself

ii. Providing trust towards brand's products or services

iii. Providing towards the firm

iv. Providing trust towards marketing strategies

v. Providing trust towards present industry or market

It is already known that firms or brands should keep their stated promises and to be able to do so, they need to imply this point of view into every process of their business starting from production and sales to marketing or after sales services (Ballester and Aleman 2005). Based on that, gaining trust towards a brand is only possible if all employees and all managers work together for a common purpose.

There are two processes which constitute brand trust: trustworthiness based and satisfaction based processes. It was mentioned in previous sections how these two factors are greatly important for brands. Faith of customers about a brand's success and the value creates trust. Thus, a brand's image should be identified based on these previous impressions and beliefs, according to trustworthiness process. On the other

hand, trust arises if a customer's expectations prior to and after from usage of a brand's products or services match each other. Thus it is important to keep customers satisfied by offering them superior experiences should be the key strategy in satisfaction based process (Delgado-Ballester and Aleman 2005).

Repairing a damaged trust relationship is a much harder task than building a whole new trust-based relationship in the course of time. If a customer somehow started to believe that a certain brand will meet his or her expectations, then that brand has no other choice than doing so. In this context, brands should avoid making promises which they can't keep in the future. Integrity and persistence in each word and actions of brand and its shareholders, are necessities for gaining trust in brand (Elliot and Yannopoulou 2007). Strengthening the relationship by the virtue of communication mediums highly matters in this manner.

Customers in today's world continuously look for valuable information sources about brands, products or services. Voice of other customers which has shown incredible growth with introduction of the internet and social media platforms is one of the valuable sources. In addition, expert opinions could help customers to obtain related information. Thus, if a brand could find or form a group of these types of people; it will be helpful for increasing the trust towards this particular brand. At this point, it is also important to keep that in mind is WOM communications and online or mobile platforms could also harm the trust relationship if experiences of others more centered in a negative direction.[31]

Studies have shown that there also factors which may cause a damage in a trust-based relationship. For instance, today's customers have become more educated and complicated. It makes different to build trust but at the same time makes easier to lose an existed one. Besides, customers being more negative and skeptical in general are another reason for brands to lose the trust connection if not being careful.

Withdrawal of products as a result of defects harms trust towards the brand and even towards entire industry. In addition to these, if brands prioritize shareholders' interests

[31] Başer, İ., U., (2011). Tüketicilerin marka deneyimi algısının marka güveni, tatmini ve sadakati üzerindeki etkisi ve bir araştırma, *Thesis for the PHD. Degree.* İstanbul: Marmara University

instead of customers' and lower their total quality of products just in order to gain more profits certainly decrease customer satisfaction and trust. The basic reasoning behind that is, as it is mentioned previous sections, overall quality of brand and satisfaction are major determinants in trust building. Organization structure also plays an important role in trust especially if customers have difficulties in problem solving due to lack of communication within the company. Finally, technological developments could also decrease trust levels diametrically to its advantages within subject. In some cases, especially with customers who are less open to innovations, trust could decrease due to increased automation. These customers could lose their trust in brand if they could not directly interact with a human being (Lantieri and Chiagouris 2007).

2.3.5 Businesswise Contributions of Brand Trust

Brand trust is one of the most valuable assets of brands for competitiveness. Numerous researches have conducted to indicate brand trust's businesswise contributions in relation with other assets.

Delgado-Ballester and Aleman (2005) found that brand equity is mostly influenced by brand trust. Thus, companies which want to utilize from competitive and economic advantages of brand equity should certainly increase trust levels. Companies with higher levels of trust practice branding strategies much more easily. Lau and Lee (1999) on the other hand, implied that the higher levels of brand trust, the higher brand commitment forms. It is also found that brand trust positively influences a customer's attitude towards repurchasing which will eventually turn into loyalty in future (Lau and Lee 1999). In addition to repurchasing intention, brand trust makes customers praise to others and this will be result in profound market penetration one step at a time (Elliot and Yannopoulou 2007, Delgado-Ballester 2002, Chaudhuri and Holbrook 2001). If a customer has a trust based relationship with a brand then it also means perceived risks in case of a purchasing activity will be lower.

Brand loyalty has found as the biggest contributions of trust. Customers with higher levels of trust towards a particular brand are more likely to become and stay loyal. In addition to another advantage as price flexibility, these customers will be more likely to buy from product extension of this brand (Alam and Yasin 2010; Chaudhuri and Holbrook 2001).

Most general businesswise contributions of brand trust to companies could be identified respectively as lowering capital investment, increasing sales of products with higher-value, lowering marketing costs, increasing communication strength with customers and increasing amount of customers cooperate with brands to developing processes even including high-tech products (Blomqvist 1997).

As it is previously defined that brand trust was found to be somehow related with experiences. In fact, experiences are thought as a starting point for trust development and it is highly suggested within the existed literature that brand trust is one of the most important factors which affecting loyalty in a positive manner. Even blindly accepting these premises, it is relatively much harder to put brand trust into an appropriate position between these notions since there is little knowledge exists in the literature. Therefore, judging from this perspective, it has been also hypothesized in this study as;

H4: Brand trust has an influence on brand loyalty.

H5: Brand trust mediates the relationship between customer experience and brand loyalty.

2.4 LOYALTY

For a long time in the marketing history, customer satisfaction had been in the center of all attention. However, maximizing the satisfaction seems to be not enough by many. A lot of businesses started to head for customer loyalty instead of customer satisfaction. Therefore, having loyal customer is the most strategic goal in today's marketing world. To illustrate that customer satisfaction is dissuading, Oliver (1999) transferred from the previously mentioned study conducted by Bain & Company that approximately 65 to 85 percent of satisfied customers leaves the current brand. Additionally, it is proven that only 30 to 40 percent of customers in the automotive industry get back to the previous brand, despite the fact that almost 95 percent of them states that they are highly satisfied. As a consequence, loyalty which is the ultimate goal for businesses will be presented and investigated in this study.

Different definitions for customer or brand loyalty had been introduced into the literature by numerous researchers. In addition to only defining it, various

characteristics of the term were also discussed by many. One of the most widely used definitions of the brand loyalty is stated by Oliver (1999, p. 34) as;

> *a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior*

Jacoby and Olson's (1970) definition of brand loyalty is also widely known and considered as one of the first completed ones in the literature. Authors defined the term as a deterministic and long standing behavioral response and as a cognitive buying decision making process between different brand which is made by considering some specific decision factors. Jacoby and Kyner (1973) made a similar explanation on brand loyalty by presenting it as both a behavioral response and as a function resulted from psychological mechanisms. It means that loyalty could be described as a functional combination of attitudes and behaviors.

Jacoby again but this time with Chestnut (1978) has made the most comprehensive description of brand loyalty. According to the authors, brand loyalty is a decision maker's disposition to show a behavioral response towards a certain brand between many other options throughout various psychological processes including evaluation and determining in a specific period of time. Finally as quoting from the definition of American Management Association as one of the most current ones, brand loyalty is a customer's tendency to purchase a product or a service from a same brand over other options available and a customer's level of choosing the same brand repeatedly in a specific product or service category. It is derived from this definition that customers will be looking for and buying from the same brand although there are certain stimulants such as lower prices or promotions and etc. (Palumbo and Herbig 2000).

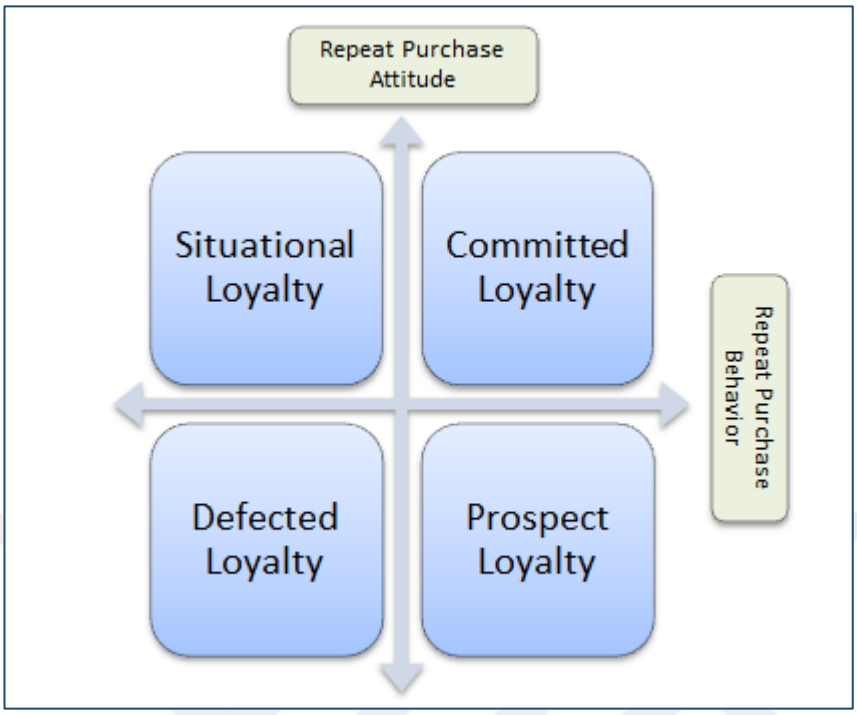
As far as relevant definitions were presented for the reader to extensively understand the subject, certain characteristics resulted from these definitions should be also examined. Because of its nature, each customer could have different motivators to show loyalty. Nevertheless, common points leap out in loyal customers such as repeated purchasing behaviors, trying also other products of the same brand, being not influenced by rivals' attempts for competition, suggesting the brand to others and etc. (Tepeci 1999, p. 226). Unfortunately, repeated purchasing behavior is not a sole evidence of loyalty existence.

The reason for that is repeated purchasing behavior should be deliberate based on factors such as quality and other options should be existed for customer to be counted as loyal to a specific brand. Repeated purchases require further investigations because customers may also purchase from another brands and by this way existence of loyalty can't be a matter of subject for any of these brands. In fact, this situation may also be an indicator of a problem called multi-loyalty. Moreover, there must be a possibility of loyalty to be non-existed if one wants to talk about true loyalty (Oliver 1999, Tepeci 2015, Jacoby and Chestnut 1978). In brand loyalty, decision maker and the actual buyer could be different persons. For example, considering a household, different people may offer different opinions regarding products and services, so actual buyer will be representing a collective decision when buying a product or a service. This does not count as real disloyalty. Customers obtain certain information and develop inner criteria based on this knowledge which eventually turns into attitude towards brand. Positive attitudes towards a brand have the ability to create commitment for purchasing the same brand repeatedly and after a while it turns into loyalty between customers and brands. Finally, the number of repeated purchasing from a brand is not sufficient enough itself. To be able to speaking of true loyalty, a certain amount of time is necessary. Customers should demonstrate consistency with their purchasing behaviors towards a brand within a significant period of time (Jacoby and Chestnut 1978).

2.4.1 Facets of Brand Loyalty

Brand loyalty has been examined from three main dimensions by the largest part of researchers before even dividing it into different facets: attitudinal, behavioral and situational. In adition to these, a matrix constructed by Tavşan and Erdem (2018, p.216), breaks down the loyalty into even further sub-facets as in Figure 2.6 to understand the concept more comprehensively:

Figure 2.6: Customer loyalty matrix with subfacets



Source: Tavşan and Erdem, 2018, p.216

Attitudinal aspect of the brand loyalty stands for total satisfaction from a specific brand's products or services and a tendency to form commitment to a brand based on certain values in relation with the brand. Customers constitute attitudes using their knowledge about the brand and its image which has proven to be positively correlated with loyalty development. In attitudinal loyalty, customers does not have to repeatedly purchase from a brand but in fact they need to intend to purchase or at least they need to advise the brand to others. On the other hand, behavioral aspect of the loyalty stands for repeated purchasing from a specific brand's products or services. This type of a behavior represents a distinctive choice for a certain brand. Thus, behavioral loyalty is observable in terms of actual purchasing. Finally, situational loyalty represents a perspective which defends that a customer develops loyalty towards a brand, depending on certain conditions. All dimensions of loyalty including attitudes, behaviors and purchasing activities are deemed to be affected by different conditions, time periods or personal characteristics in this facet of brand loyalty (Jacoby and Chestnut 1978, Dick and Basu 1994, Oliver 1999, Kandampully and Suhartanto 2000, p.347, Chaudhuri and Holbrook 2001).

Brand loyalty, based on dimensions explained before, divided into four different phases forming consecutively by Oliver (1999) for the first time as cognitive, affective, conative and finally behavioral or action loyalty as each clarified below:

Cognitive loyalty which is the first step of overall brand loyalty demonstrates the first time when a brand becomes more preferred to other ones. In this phase, customers become conscious of the brand by virtue of past-related knowledge or more current first-hand experience with the brand. Thus, cognitive loyalty is just about this knowledge about the brand which may be seen as just related with the performance of the product or service. If satisfaction factors start to add to knowledge or performance, then customers also may start to develop a true kind of loyalty towards the brand which will constitute the second phase called affective loyalty.

Affective loyalty is the stage when customers start to develop delightfulness or an attitude for a brand emerging from increasing satisfaction by repeatedly using the product or the service. Enjoyment is the key motivator in this phase of loyalty. As the level of satisfaction gained from a specific brand increases, the degree of loyalty increases, too. Unfortunately, customers take place in this phase of loyalty are still considered as potentially likely to switch to another brand. The reason behind that is actually proven as it is mentioned in earlier sections of the study as most of the customers claimed satisfied are not counted as loyal to the brand at all. Therefore, brands should try to carry their customers into a further level of loyalty which shows a quite higher commitment to the brand.

In conative loyalty phase, as the name also implies, customers display repeated purchasing activities from a certain brand as behaviorally intentional due to positive affects gained in the second phase. In conative loyalty, customers usually become strongly committed to the brand which is one of the prerequisites of loyalty by nature. Nevertheless, this commitment and disposition to buy from the same brand does not necessarily mean that the customer will actually buy the product or service. This intention is indeed open to be interrupted by any other factors and it may eventually result in not buying from the same brand at all.

Action loyalty is the last phase of brand loyalty where all intentions to repurchase from a brand turn into reality. Customers in this phase do not just have intention or ambition to buy from a brand but also they have eagerness to come through with problems which may restrain the buying action. Engagement factor is one of most important drivers in this step of constituting brand loyalty for customers (Oliver 1999).

Brand loyalty development is an on-going process forming from major phases as mentioned above. Categorization of the term, on the other hand, is a whole another issue itself. Dick and Basu made the ultimate categorization of brand loyalty by dividing the concept into four major facets based on both attitudinal and behavioral aspects of loyalty concept. Within these aspects, main categorization is made mainly regarding the strength of customers' attitude towards brand and repeated purchasing activities from a specific brand as it is illustrated in below Table 2.2 (1994, p. 101):

Table 2.2: Main loyalty categories

		Repeat Purchase Possibility	
		High	Low
Related Attitude	High	True Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyatlty

Source: Dick, A. S., Basu, K., 1994. p. 101

No loyalty represents relatively lower attitude towards a brand and also relatively low repeated purchasing behavior as it can be deduced from the above figure. There are several reasons behind the low attitude. It could be the first time for a customer to acquaintance with a specific or it could be a weakness within communication process between a brand and its customers. Moreover, market conditions could create such a position for a customer to perceive many brands as similar to each other which prevent them to show a significantly higher attitude towards a specific one. As a result, in this type of loyalty, customer do not show a high patronize behavior eventually.

In spurious loyalty, despite the fact that customers have relatively lower attitude towards a brand, they show high levels of repeated purchasing behaviors. This illustrates that customers do not particularly prefer a brand over other options but they

actually buy from a specific brand generally due to situational drivers such as higher acquaintanceship, better price offerings, promotions, influences coming from customer's social circle and etc. Increasing the familiarity and perceived value is the key for transferring customers from spurious loyalty to actual loyalty.

Latent loyalty is considered as one of the most unwanted loyalty types by businesses. This is because in this type of loyalty, customers do not repeatedly purchase from a specific brand even though they have a high level of favorable attitude towards this brand. A conflictive issue like that occurs when factors, not concerned with attitude such as social or situational motivators, have more significant effect on purchasing behavior than attitudinal motivators. Removing these preventers to make customers loyal should be the key strategy for businesses.

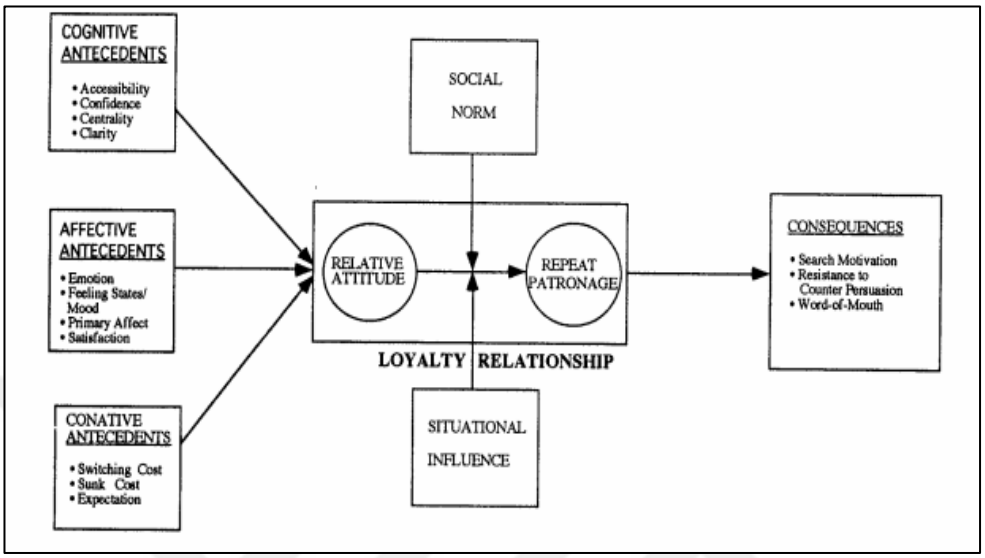
Finally, the unique destination of all businesses is true loyalty. In this category, customers both have high attitude towards a brand and prefer this brand consistently when it comes to purchasing a product or a service. Protecting their brands within a competition which aims to decrease differentiation levels between rivals while encouraging their customers to make purchases with some additional offerings such as loyalty programs and etc., could be seen as two key strategies for businesses regarding loyal customers segment. Having true loyal customers is crucial for all brands but the challenge here is protecting these customers in this segment for a long time to be able to run a sustainable and profitable business (Dick and Basu 1994, pp. 101-102)

2.4.2 Factors Affecting the Brand Loyalty

Development of loyalty towards a brand is continuous process. Thus, it can be influenced by various factors within this long time of period. In this chapter of the study, these factors will be outlined briefly to understand the concept further. Although the number of factors is relatively very high, outstanding ones are stated as brand recognition and reputation, brand image, promotion or price, satisfaction, overall perceived value and quality, product or product category characteristics, innovation, experience, personal characteristics, situational or social drivers, brand trust and market conditions (Dick and Basu 1994, Tepeci 1999, Oliver 1999, Chaudhuri and Holbrook 2001). In addition to these, Dick and Basu (1994, p.100) had presented a detailed framework found in Figure 2.7 as shown below for factors affecting the loyalty based

on consecutive phases stated as cognitive, affective and conative previously in this study.

Figure 2.7: Loyalty framework



Source: Dick, A. S., Basu, K., 1994. p.100

Further details will be given for major factors affecting the loyalty. To start with, brand recognition and reputation is one of the first steps of loyalty development and thus it carries a significant importance. Recognition and reputation could be created by virtues of strong communication processes, offering superior value and quality to customer for brand to stand out within similar products or services and favorably by the virtue of WOM (Tepeci 1999).

Brand image has a huge influence on brand loyalty. Businesses should try to construct a positive image for customers since it has been proven to be positively correlated with increasing levels of loyalty towards this brand. Image contains elements such as name of the brand along with logo, design, symbols or words. Customers are inclined to purchase from brands which one's values and offerings are matched with their self-image. Therefore, it is crucial for companies to adjust their images accordingly to be grazed within relatively similar brands (Tepeci 1999).

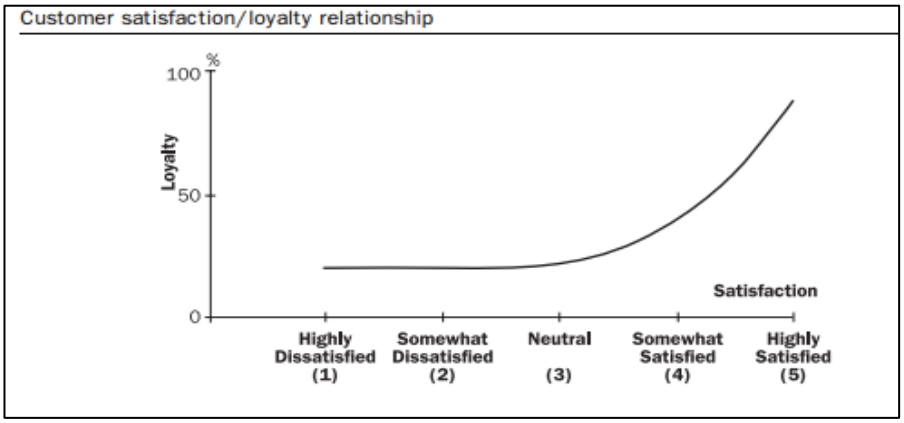
Price is one the most important factors influencing the brand loyalty. Customers' personal characteristics such as average income are also considered as related with price factor. Promotions may also help companies to attract customers from a rival brand.

When speaking of price, it does not just mean cost leadership, it mainly means offering the necessary quality and premium feeling expected from the set price. Customers are willing to pay more and be more loyal if they can obtain what they expected for in the first place. Switching costs is also an important part of price factors for customers to stay loyal to a specific brand (Chaudhuri and Holbrook 2001, Cebeci 1999).

Product or product category characteristics in combination with innovation could also change the loyalty level that a customer has for a specific brand. Enhanced characteristics will increase a brand's differentiation within similar options which can eventually result in customer's preference for purchasing from the same brand repeatedly. Innovation is a major tool to meet customer expectations better also it may help companies to adjust prices in a lower stage. Combining these together customers become more likely to prefer a stand-out brand which is one of the prerequisites of loyalty (Chaudhuri and Halbrook 2001, Tepeci 1999).

Satisfaction had been considered as the most important prerequisite of brand loyalty for a long period of time. Despite the fact that all loyal customers do not have to be necessarily satisfied with brand, satisfied customers are more likely to be loyal in the future These two terms are highly correlated with each other as it was proven in several studies that they are not independent from one another (Cebeci 1999). Linear relationship between satisfaction and loyalty has shown as in the Figure 2.8 below by Cebeci (1999, p.226):

Figure 2.8: Relationship between satisfaction and loyalty



Source: Tepeci, M., 1999. 11(5), pp. 226

In development of loyalty to a brand, perceived value and quality play an important role. Customers who get what they paid for in terms of either utilitarian or hedonic values and whose expectations are met in terms of stated qualifications, specifications and performance by brand itself are more likely to purchase repeatedly from a brand and more likely to become loyal in the future. They are also considered as more flexible about price changes (Palumbo and Herbig 2000, p. 116, Tepeci 1999). If a brand continuously provides what they promised for, it increases a customer's trust in the brand which is also an important factor affecting loyalty level towards a brand (Chaudhuri and Holbrook 2001).

Customer experience which is a relatively new concept but it has gained a great importance regarding brand loyalty, too. Customers create a powerful bond between themselves and brands if they obtain a superior experience from products or services and it will eventually make them turn back to a specific brand over and over again with an increasing number of purchases. Social or personal characteristics could state as underlying factors affect a customer's experience, attitude, behavior and eventually loyalty. Other important driver behind these is situational factors. Personal background, social norms, learned beliefs and values, culture and demographic characteristics take place in this factor group. This perspective implies that what is need to be applied for enhancing brand loyalty within customers should be altered according to customer to customer, time to time and situation to situation (Chaudhuri and Holbrook 2001, Cebeci 1999, Dick and Basu 1994).

2.4.3 Corporative Advantages and Application Methods of Brand Loyalty

The importance of brand loyalty with its business-wide advantages has been discussed in the marketing literature for a long time. Since increasing the brand loyalty within an intense competition in today's world has been a managerial difficulty, it is important to point out what managers and businesses should expect as gaining before even applying any related strategy (Dick and Basu 1994, p.103).

It is widely known that keeping existed customers with the brand is almost five times cheaper than bringing new customers in. The reason behind that is to attract new customer companies should spend more money on new marketing activities (Reichheld 2001). Brand loyalty could bring higher incomes and profits to companies. The one

reason behind that is loyal customers are more flexible with price changes and also more inclined to pay higher prices since they believed that the brand will offer superior values to them as they expected. Conformably, brands with more loyal customers are supposed to have higher market shares because by loyalty's definition, loyal customers are tend to make more repeated purchases from the same brand (Chaudhuri and Holbrook 2001, Rowley 2015, p.574). In addition to these, profits are not increasing in terms of amount but they increase in terms of time period. As loyalty increases, all gaining of companies become more continuous and last for a quite longer time (Tepeci 1999). Besides, profits increase due to strong brand loyalty among customers because all related marketing costs reduce as the need for capturing new customers become less (Chaudhuri and Holbrook 2001, Tepeci 1999).

Loyalty does not only decrease marketing related costs but it generally helps to reduce operation or service related costs, too. Paper or data work amount becomes less since the acquaintance between customers and brands increases. This way, the effort spent getting necessary knowledge to serve a customer better also decreases (Tepeci 1999).

Brand loyalty increases the power of WOM. Loyal customers, most of the time, suggest the subjected brand to others in their social circle. Such referrals are strong source for new customers who are also considered as strong potentials to be loyal, too. Brand loyalty increases the level of differentiation of selected brand over other similar options in the market. Gathering all these together, it can be presented as most completed and most significant result is that companies can survive from intense competition by the virtue of brand loyalty (Chaudhuri and Holbrook 2001, Delgado-Ballester and Aleman 2001, Tepeci 1999).

Understanding the importance of loyalty is not solely enough itself for companies to form a loyal customer base. As a matter of fact that, most managers or companies are not capable of doing so. They need to learn how to apply necessary methods within their business process.

Some researchers like both Oliver (1999) and Tepeci (1999) suggest that to increase their customers' loyalty towards their brands, companies should first focus on the product or service. Lead-loyal brands should offer superior products with higher quality,

performance and added-value. They should segment their customers appropriately and act according to their needs, values and expectations also considering their loyalty degrees and purchasing behaviors. Moreover, they need to establish better communication systems with customers by taking advantage of current marketing technologies or loyalty programs. This type of an act makes customers feel like a part of a much bigger society which may motivate them to stay loyal within this community. Similarly to these methods, it was stated that companies need to encourage their loyal or potential to be loyal customers with various promotions or incentives within a loyalty program or loyal customers club and etc. Moreover, it was also suggested that companies should heavily benefit from feedback systems and by this way they should try to form a connection based on trust. To sum-up, companies adopt a comprehensive perspective regarding brand loyalty formation and they should apply these strategies in each unit of their whole organizations (Cebeci 1999).

Considering the given information in previous parts of this section, it was deduced that customer loyalty is sort of the ultimate goal for many firms. It is also found in relation with many factors to be constructed in the first place. Nevertheless, customer experience with its stated role has been the most concerned and promising driver of loyalty and thus it has been hypothesized in this study as;

H6: Customer experience has an influence on brand loyalty.

2.5 AUTOMOTIVE INDUSTRY

The automotive industry where capital and knowledge is heavily important is known as a huge player in social and economic development of countries. The industry covers numerous sub-groups such as engineering, designing, manufacturing, delivering and aftersales (Saberi 2018, p.179). The industry also has a vital impact on the future that the humankind destinates as a result of its sheer capacity.

There are two main sections in automotive industry: original equipment manufacturers (OEM) and aftermarket providers. The essential parts needed for assembling of cars and trucks are all designed and manufactured by OEM's. OEM constitutes approximately two-thirds of all automotive related parts production. A high number of parts needed for production of a vehicle such as body parts, windshields, chassis, electrical components,

engine and powertrain parts, tires and etc. Therefore, there is a very strong link between the need for new vehicles and automotive components usage. The need for original equipment parts moves in the same direction with increases or decreases in vehicle manufacturing. If there is no local vehicle manufacturing, then it means there is no need for original equipment parts. On the other hand, secondary market parts are produced to be used when original parts are ripped or worn-out. Aftersales parts can also be used when customers demand personal add-ons to the original production model of the vehicle. After market players consist of retailers, dealers, wholesalers, car care services, merchandisers and etc.[32]

Automotive industry is different from other industries since it has a strict structure. First thing to state that a few number of organizations hold the power over all other minor companies. Exactly eleven companies from Japan, German and USA, overrules the vehicle production in big markets. Second different aspect of the industry is that final vehicle montage and all related parts manufacturing are hold within the end markets due to existence of higher sensitivity to politics. It can be stated as the third distinctive feature that the industry has a very strict local structuring. Even though the industry became more global after the 1980's, it also strengthened its existed local structuring. Final one is that it is very hard in automotive industry to create extensive variation in end-products since the number of completely equivalent parts or sub-systems are really small (Strurgeon et al. 2009). Automotive industry is stated as one of the leading sectors since it accelerates the economic growth of both developed and developing nations, supports various technological improvements and advances other sectors to progress, too. The sector is located in a unique place with its back and forth relations as a buyer from iron and steel, petrochemical, plastic, glass, textile and electronic sectors' finished goods and also as a supplier of motorized vehicles for industries such as agriculture, tourism, construction, infrastructure, transportation and defence. Automotive industry is also associated with additional sectors or services including marketing, after sales services, petroleum, finance and insurance. Having complex connections with various industries' and countries' socio-economic development, the industry is also strongly

[32]Williams, J., 2016. A market Assessment tool for U.S. exporters. *2016 automotive parts top markets report*. USA. International Trade Administration

linked to numerous international problems of humanity such as energy consumption, emission levels, global trade regularities and safety.[33]

2.5.1 Global Perspective on the Industry

The historical development of the automotive industry has been effected by a number of changes in fuel oils, vehicle parts, social foundation, production methods and also changes in markets, manufacturers and business models themselves. Even though a few historiographers indicate industrial examples from very early times such as 1600s, most of them consider the invention of the engine as the beginning of the automotive industry.

Evolution of engine follows the changes in energy carriage means such as steam usage in 1700s and gasoline like fuels usage in 1800s. Finally, official vehicle production and foundation of automobile companies in Europe and America had started after 1876 - the year when the 4-stroke internal combustion gas-fueled engine has invented for the first time. Later in early 1900s, the evolution of automotive industry has been gained speed thanks to occurrence of new inventions such as steering wheel and accelerator which makes automobiles more convenient to be used. Vehicle designs started to show a more "motoric" configuration rather than just a carrying outlook when the Ford's well known Model-T was first designed in 1906. In addition to that, mass production and economies of scales have been introduced to industry with Henry Ford's world-famous assembly line being putted into operation in 1913 (Bradley et al. 2005). Therefore, America has become the leader in automotive industry until the first half of the 20th century and then the leadership stingingly passed to Western Europe and Japan in the second half of the century.

Automotive production has shown a significant growth after the World War II by expanding itself almost ten times. The most distinctive part of this expansion was that it came along outside the United States. The share of USA in total production fell from 80 to 20 percent in worldwide. Japan manufacturers had gain the leadership starting from 1980s followed by European Economic Community (EEC) companies.

[33] Pişkin, S., 2017. Türkiye otomotiv sanayii rekabet gücü ve talep dinamikleri perspektifinde 2020 iç pazar beklentileri. *Otomotiv Sektör Raporu.* TSKB

The automotive industry is going through a unique change since 1990s due to some factors including the end of worldwide wars, informatic revoluation in less than no time and economical globalization. Especially globalization factor itself has immediately influenced the international industry by increasing the speed of industry's recognition level.[34]

Today, the whole industry in total provides employment for almost 80 million people around the world. Additionally, it is the 4th biggest industry with its total worth of 4 trillion dollars which consists of 5 percent of the total economy of today's world. There are almost 85 million new vehicles including cars and light trucks manufactured worldwide. Even though automotive production is spanned all around the world, a concentration in certain companies and certain countries is observed in the sector. There are basically 50 automakers operating in significant 20 countries as per the year of 2016. The largest 10 manufacturers produce 71 percent of all vehicles around the world, at the same time an important share as much as 90 percent of the total production is carried out by the 20 biggest companies in 6 countries. China, India, United States, Europe, Japan and South America host the largest local automotive manufacturers in the industry nowadays.[35]

2.5.2 Domestic Perspective on the Industry

Automotive industry is stated as one of the biggest three industries within local market. Despite the fact that background of the industry only goes back for 60 years, it can be easily said that industry has shown as magnificent development within country boundaries. Accompanied by previous initiatives to produce local vehicles, actual automotive production had begun in 1960 with OTOSAN – an alliance of Koç Holding and Ford Company. First mass produced car in the Turkish automotive industry named as "Anadol" started to roll out from the assembly line in the year of 1966. Local vehicle production continued with widely used "Murat 124" since the first Turkish automotive factory has been established in the year of 1968. After then, a high number of global automotive firms started to operate in Turkish market with also establishing their own

[34] Shimokawa, K. 2000. Reorganization of the global automobile industry and structural change of the automobile components industry [online], Library of MIT, https://dspace.mit.edu/bitstream/handle/1721.1/1417/Shimokawa.pdf?sequence=1 [accessed 15 January 2019]

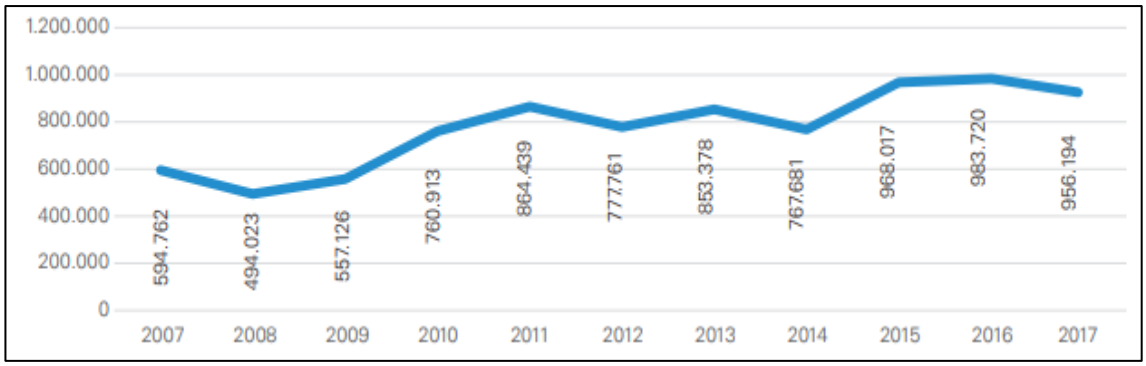
[35] Pişkin, S., 2017. *Otomotiv Sektör Raporu.* TSKB

manufacturing facilities. Developments in the local OEM resulted in developments in subsidiary industries with an increasing number of newly opened factories. Thus, automotive industry as a whole started to become one of the leader sectors which support socio-economic growth of the country.

Based on its export-driven manufacturing, Turkish market has now become the 14th biggest market in the global automotive industry. In fact, when looking at European region, Turkey is ranked as 5th even within mother countries in automotive manufacturing. Besides, when it comes to the commercial vehicle production, Turkish industry is the leader country in whole European region. Automotive industry in Turkey is also the leader export industry for the last 12 years in a row. In addition to all these, research and development investments related with the industry have shown a magnificent increase.[36]

Turkish automotive industry consisting of both passenger cars and commercial vehicles has a volume equals almost 1 million units by the year of 2017. Historical development of the industry has been illustrated as shown below Figure 2.9:[37]

Figure 2.9: Historical growth of the Turkish automotive industry



Source: KMPG. 2018. Sektörel bakış: otomotiv – 2018. KMPG. İstanbul

[36] UBI, 2018. *Türkiye otomotiv endüstrisi – 2017*. Uludağ Union of Exporters's General Secretary. Bursa
[37]KMPG. 2018. *Sektörel bakış: otomotiv – 2018* [online], KMPG, İstanbul, http://www.osd.org.tr/sites/1/upload/files/sektorel-bakis-2018-otomotiv-4314.pdf, [accessed 15 March 2019]

3. RESEACRH MODEL AND HYPOTHESES

Aim of this research, as it is stated previously, is to investigate the relationship between major variables including customer experience, consumer innovativeness, brand trust and brand loyalty. Thus, existed literature related with these variables has been scanned comprehensively and by this way hypotheses are formed as shown below:

H1: Consumer innovativeness has an influence on brand loyalty.

H2: Consumer innovativeness moderates the relationship between customer experience and brand trust.

H3: Customer experience has an influence on brand trust.

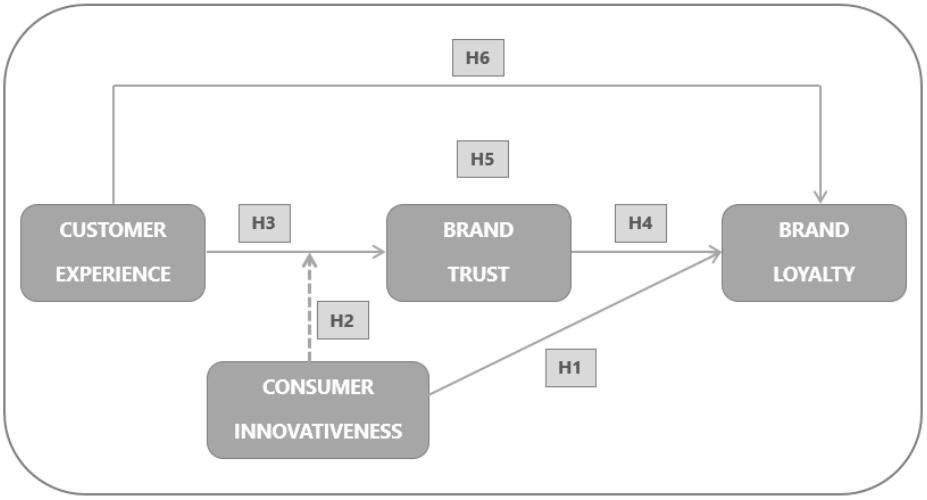
H4: Brand trust has an influence on brand loyalty.

H5: Brand trust mediates the relationship between customer experience and brand loyalty.

H6: Customer experience has an influence on brand loyalty.

A theoretical framework which is defined by Miles and Huberman (1994) as something that visually explains major variables, constructs and assumed relationships to be studied is also provided for the reader in the Figure 3.1:

Figure 3.1: Theoretical framework



4. METHODOLOGY

Each knowledge generation attempt should be constituted based on a certain methodology. There are various methodological ways to analyze a subject where each of them will contribute to research in a different way. Deciding to methodology assists researchers to specify how the research will be planned and how the research process as a whole will be executed.

In this study, the most appropriate method has chosen to extensively analyze and demonstrate the relationship between stated variables. Thus, the selected methodology will be outlined for the reader. In each part of this section, necessary information about sampling and data collection method, instruments of measurement and methods of analysis will be given one by one.

4.1 SAMPLING METHOD

In this part of section, general information about sampling and its techniques along with stating that how the sampling process has been executed within this specific research will be expressed.

Population term stands for an entire group of all members who met all related requisites needed for a specific research subject . Sample, on the other hand, refers to a limited part of total population with a relatively smaller number of participants. Participant, in this perspective, is a term used to represent each member in the sample or whole population (Mesa et al 2016, p.327). Final term to be known is sampling which refers the process or the method of choosing a presentive part of the total population to be able to specify necessary characteristics of the whole population related with the aim of the research (Gentles et al. 2015). Sampling instead of gathering total population is mostly preferred by most researchers due to major constraints including time, cost, logistics, ethics and unknown or unachievable population size. Despite the fact that sampling is generally preferred, one should be careful about the representativeness of the sample considering different types of errors that may occur (Mesa et al. 2016).

Sampling technique should be determined in advance since it has a significant effect on sample size and even on data analysis in further steps. If sampling process does not

execute attentively, it may result in biases in the research and hypotheses testing (Mesa et al. 2016). There are numerous methods for both determining sampling method and sampling size in scientific researches. Two major methods for sampling are probabilistic and non-probabilistic. These major groups are also divided into smaller sub-groups, too. On the other hand, sampling size depends according to the actual population size and the confidence levels which researcher intends to proceed to his or her analysis (Mesa et al. 2016).

In this study, further analyses are done by using a sample due to its advantages of time, cost and effort. As a sampling technique, convenient sampling has chosen between various types of methods. The reason behind this decision is that it was more economic and less-time consuming to reach available people. Besides, total population shows broad characteristics which made convenient sampling is more applicable to generalize the results considering any other cases. Therefore, variety within participants tried to be increased by spreading the study to as much as different people available.

It has been determined that necessary and efficient sample size should be equal to minimum 400 participants considering the population size, investigation method and confidence levels (which equals 95 percent in this study). Thus, it is paid attention to that sampling process with data collection has continued until reaching minimum sample size constraint.

4.2 DATA COLLECTION METHOD

Questionnaire technique, one of the most commonly methods of quantitative data collecting methods as Morgan and Harmon (2001) stated is used for the purpose of this study, too.

A survey created on the website ‘Surveymonkey.com’, a highly preferred tool to apply surveys, and it has been left open for participants’ access for a month. The link of questionnaire has spread via e-mail, mobile apps and social media. As a result, the data were collected from 445 participants in total to be analyzed.

4.2.1 Questionnaire Design

All questions within the survey (except the one as it can be found in the questionnaire design in Appendix 1 in appendices section) are made compulsory to be answered by the participants. A closed-ended questionnaire design has been used considering all items. It must be also stated that all related measures are completed using 5-point Likert scales. The survey consisted of 47 items in total which can be divided into five major parts;

i. First part including consumer innovativeness scale items
ii. Second part including brand trust scale items
iii. Third part including customer experience scale items
iv. Fourth part including brand loyalty scale items
v. Fifth part including demographic-related items

Questionnaire consisting of four different scales has translated into Turkish before applying it with sample group. Since the originals of all four scales are in English, already translated and executed scale formats in the existed literature have come in useful for this specific survey. Detailed information about scales will be also given in the following section.

Finally, questionnaire has been tested with a test group consisting of 47 people to check if it is appropriate to execute or not. As a result of this pilot study, only a few spelling errors had been corrected. Test group participants are asked to state if there is something hard to understand or misleading. It has deduced from the pilot study is that there is no need for question removal or there is no question which is misunderstanding or misleading. Therefore, after minor spelling corrections, questionnaire held the same to apply to actual sampling group.

4.2.2 Instruments of Measurement

Four different measurement scales have united together for the purpose of this study. For each variable in the theoretical framework, most appropriate scale has chosen from the literature.

Consumer innovativeness as first variable was measured by using the scale developed by Manning, Bearden and Madden (1995). In line with various studies conducted by researchers such as Midgley and Dowling (1978) and Hirschman (1980), the author by using the selected scale measured the consumer innovativeness from two main perspectives: consumer independent judgment making and consumer novelty seeking. This scale is considered as one of the most comprehensive scales regarding consumer innovativeness subject, thus it has been selected for the purpose of this study. Nevertheless, as the original version of scale is in English, a translated version based on Eryiğit and Kavak's (2011) study has used in the questionnaire design.

Second variable in the research model, customer experience, was measured by a scale developed by Tavşan and Erdem (2019). This unpublished scale of the authors still has proven to be highly reliable and valid. The scale has also conducted within different geographies, cross-cultural studies and various industries including the automotive industry. Thus, this scale has been chosen to apply for this particular study.

Brand trust as a third variable was measured by using the scale developed by Ballester (2002). In their study, author states that when customers put themselves in a sort of risk by purchasing from a specific brand, if there is a trust exists then it means they are sure about the brand will meet their expectations in every sense. Besides, brand trust scale formed based on two major dimensions of the term as reliability and intentions. Most cited researchers such as Wu and Wang (2011) has also same approach and used the same scale to measure brand trust as a sub-part of brand attitude. The items in the scale are provided to measure this equality rate between customer expectations and brand offerings. Since the original language of the scale is English, a translated scale in the literature by Yılmazel[38] had been used within the survey.

Finally, the scale developed by Dick and Basu (1994) was used for measuring the brand loyalty. In this study, authors investigated loyalty through two main perspectives: attitudinal and behavioral. They evaluate loyalty as customer's judgment of one brand to another. Repeating purchasing behavior and referrals were also considered as key

[38] Yılmazel, S.E., (2014). Web site kalitesi ile elektronik kulaktan kulağa iletişim tutumu ve marka tutumu arasındaki ilişkide elektronik kulaktan kulağa iletişim kalitesi ve kredibilitenin etkisi. *Thesis for the M.A. Degree.* Ankara: Hacettepe University

indicators of loyalty. Thus, the scale had been developed based on these perspectives. Again for this scale, a Turkish translated version by Dursun and Arslan (2017) was used in this study.

At the end of the questionnaire, 9 questions were asked to participants to analyze demographic factors and also necessary information related with automotive brands and products.

The list consisting from four scales with 38 variables and their corresponding sources can be found as summary in the Table 4.1 below and complete questionnaire can be found in Appendices section as Appendix 1.

Table 4.1 : Model scale summary

1. Prior to purchasing a new brand, I prefer to consult a friend that has experience with the new brand.	Consumer Innovativeness	Manning et. al. (1995)
2. When it comes to deciding whether to purchase a new service, I do not rely on experienced friends or family members for advice.		
3. I seldom ask a friend about his or her experiences with a new product before I buy the new product.		
4. I decide to buy new products and services without relying on the opinions of friends who have already tried them.		
5. When I am interested in purchasing a new service, I do not rely on my friends or close acquaintances that have already used the new service to give me information as to whether I should try it.		
6. I do not rely on experienced friends for information about new products prior to making up my mind about whether or not to purchase.		
7.I often seek out information about new products and brands.		
8.I like to go to places where I will be exposed to information about new products and brands.		
9.I like magazines that introduce new brands.		
10.I frequently look for new products and services.		
11. I seek out situations in which I will be exposed to new and different sources of product information.		
12.I am continually seeking new product experiences.		
13.When I go shopping, I find myself spending very little time checking out new products and brands.		
14. I take advantage of the first available opportunity to find out about new and different products.		
15. This is a brand that meets my expectations	Brand Trust	Ballester (2002)
16. I feel confidence in this brand.		
17. This is a brand that will not disappoint me.		
18. This brand guarantees satisfaction.		
19. This brand would be honest and sincere in addressing my concerns.		

20. I could rely on this brand to solve the problem		
21. This brand would make any effort to satisfy me.		
22. This brand would compensate me in some way for the problem with the product		
23. The brand never aggrieves me.	Consumer Experience	Tavşan and Erdem (2019)
24. The brand never embrrasses me.		
25. The brand in every sense makes me happy.		
26. The brand always listens to me.		
27. The brand always understands me.		
28. The brand always quite values me.		
29. The brand quite fits with my values.		
30. I am loyal to this brand.	Brand Loyalty	Dick and Basu (1994)
31. I follow this brand closer than the other brands.		
32. I say positive things about this brand to other people.		
33. I recommend this brand to those who seek for my advice.		
34. I encourage my friends and family to use this brand.		
35. It is more important for me to purchase from this brand instead of other brands.		
36. I always use the same brand because I really like this brand.		
37. I will continue to use the same brand in the future.		
38. This brand is my first choice when I decide to shopping.		

4.3 METHODS OF ANALYSIS

Certain variables and hypotheses should be analyzed by using different methods to be more accurate. Based on the type of stated relationship between variables, four main groups of analyses have been constructed within this study. All data obtained from participants through the questionnaire were analyzed by using SPSS 22.0 package software for every main class of analysis. For a few parts of analyses, summated scales were created to be able to represent a scale consists of multiple items as statistically meaningful in further steps. Now each of them will be briefly explained as below:

4.3.1 Analysis of Demographic and Descriptive Factors

In an analysis of a questionnaire, it greatly matters to first understand the sample group by investigating their demographic and descriptive factors such as demographic, socio-economic and current situational factors before even conduct any further analysis. To be able to do so, descriptive analysis methods are mostly utilized in scientific researches. Within descriptive analysis methods, frequency tests were applied to all data gathered

from participants. These methods would be helpful to simplify a greater data in an easier and understandable manner. Besides, it could be used for summarize and accordingly visualize a complicated data.

4.3.2 Analysis of Hypotheses

In this part of the study, three main groups were created to analyze with certain methods. Four of the hypotheses were analyzed through main, namely regression, effect analysis methods, one of them was analyzed through mediation effect analysis methods and last one was analyzed through moderator effect analysis methods.

4.3.2.1 Analysis of mediation effect

In this study, four different hypotheses were set which defend that there is a statistically significant relationship between selected variables (*H1, H3, H4, H6*). Regression analysis method used for investigating these relationships for the purpose of this study. As one of the most widely used data analysis methods, regression analysis, aims to explain that how the dependent variable (DV) in the constituted hypothesis is affected by the changes in independent variable (IV) or is there any relationship exists at all. It must be also stated that IV in here, is considered as irresponsive to other conditional changes (Rawlings et al. 1932).

4.3.2.2 Analysis of mediation effect

Mediation relationship is a matter of subject if an IV causes an interfering or mediator variable (MEV) which as regards causes a DV (MacKinnon et al. 2002). Sobel test is a commonly used and also statistically quite strong tool for analyzing the mediation effect between variables (Hayes 2018, Preacher and Hayes 2004). Within this perspective, to analyze the relationship presented in *H5*, a free of charge add-in tool called 'Process' created by Andrew F. Hayes has been downloaded and then carried out within SPSS program.

4.3.2.3 Analysis of moderator effect

If a IV's effect on DV could be predicted or changed in means of strength, then it could be said that there is a moderator variable (MOV) and a moderation relationship between these variables exist. Analyzing a moderation effect could help researchers to specify

the limits of conditions better (Hayes 2018). There are various ways of conducting statistical analyses to confirm a moderation relationship. Based on the book of Hayes (2018), Process macro tool within SPSS program could be chosen as an effective option. In fact, there are also other studies which utilized from this method such. For example; Riebl et al. (2015) who studied beverage choices of adolescents and Chung (2016) who studied the relationship between different variables including perceived organizational support, impact of workload, work-family conflict and organizational commitment, have both analyzed their research findings through Process macro within SPSS. Therefore, to analyze hypothesis *H2*, Process add-in tool will be also used as it is used for mediation effect, too.

5. FINDINGS

This section will summarize all statistical results of this study obtained from the data which was collected from 445 participants. The results will be outlined as following. First part will represent demographic factors distribution and descriptive statistics related with respondents. In subsequent parts, factor and reliability analyses conducted for each scale will take place. At the final part, corresponding analyses results for each hypothesis will be presented with a summary table indicating which hypothesis is accepted or rejected. As it mentioned before, all analyses within this section have conducted using SPSS 22.0 package statistical program.

5.1 DESCRIPTIVE FINDINGS

Results of descriptive analyses of demographics factors such as age, gender, marital status, average montly income along with automotive products and brands related information retrieved will take place in this chapter.

According to gender variable results as can be found in Table 5.1; 147 (33 percentage) of participants are female and 296 (66.5 percentage) of them are male. There are 2 (0.4 percentage) participants who do not prefer to state their gender.

Table 5.1: Gender descriptives

Gender	Frequency	Percent
Female	147	33.0
Male	296	66.5
Not prefer to state	2	0.4

According to age variable results as can be found in Table 5.2 below, majority of participants (42.5 percentage, n=189) are from the age interval 26-35, following by a big group of participants (31.9 percentage, n=142) who are from the interval 36-45. Other respondents fall into different intervals as 6.1 percentage (n=27) in 18-25, 14.6 percentage (n=65) and 4.9 percentage (n=22)

Table 5.2: Age descriptives

Age	Frequency	Percent
18-25	27	6.1
26-35	189	42.5
36-45	142	31.9
46-55	65	14.6
>55	22	4.9

In terms of educational state of participants, most of them have (55.5 percent, n=247) bachelor degree as shown below Table 5.3. Participants with high school degree (13.5 percent, n=60) and post-graduate degree (18.9 percent, n=84) also constitute a major part of the whole sample. Other participants have college degree (9.7 percent, n=43), PHD degree (2.0 percent, n=9) and also primary education (0.4 percent, n=2).

Table 5.3: Educational descriptives

State of Education	Frequency	Percent
Primary education	2	0.4
High school	60	13.5
College	43	9.7
Bachelor Degree	247	55.5
Post-Graduate	84	18.9
PHD	9	2.0

According to professions of participants, they fall apart into different profession groups. 258 (58.0 percentage) of participants forming the majority are private sector employees following by public employees (22.9 percent, n=102). Others are retired (6.3 percent, n=28), self-employed (2.9 percent, n=13), student (3.1 percent, n=14) and housewife (3.2 percent, n=14). There are also 5 people (1.1 percentage) who are unemployed and 11 participants (2.5 percentage) who stated their professions as “other”. Results can be found in Table 5.4:

Table 5.4: Profession descriptives

Profession	Frequency	Percent
Private sector employee	258	58.0
Public employee	102	22.9
Retired	28	6.3
Self-employement	13	2.9
Student	14	3.1
Housewife	14	3.1
Unemployed	5	1.1
Other	11	2.5

Participants in the study have different monthly average incomes as shown below Table 5.5. Participants having average income in the interval of 2001-4000 TL (21.6 percent, n=96) and having average income in the interval of 4001-6000 TL (33.0 percent, n=147) comprises the majority of total sample. 27 (6.1 percent) of them have 0-2000 TL monthly average income while 83 of them (18.7 percent) have 6001-8000 TL, 42 (9.4 percent) of them have 8001-10.000 TL and 50 (11.2 percent) of them have an average monthly income greater than 10.000 TL.

Table 5.5: Income descriptives

Monthly Avg. Income (TL)	Frequency	Percent
0-2000	27	6.1
2001-4000	96	21.6
4001-6000	147	33.0
6001-8000	83	18.7
8001-10000	42	9.4
10000+	50	11.2

In terms of marital status, 322 (72.4 percent) participants are married while 123 (27.6 percent) of them are single as presented in the below Table 5.6:

Table 5.6: Marital status descriptives

Marital Status	Frequency	Percent
Married	322	72.4
Single	123	27.6

According to ownership of a vehicle of participants, 335 (75.3 percent) of them forming the majority own a vehicle while 110 (24.7 percent) of them do not have as presented in the below Table 5.7:

Table 5.7: Car ownership

Own a vehicle?	Frequency	Percent
Yes	335	75.3
No	110	24.7

In terms of the time duration of vehicle ownership, it must be firstly stated that answering this question has been left optional for participants regarding their answers below variable. Therefore, 78 of participants (17.5 percent) have left this question blank. According to this variable, majority of the respondents (30.8 percent, n=137) own their vehicles for 1-3 years. Other participants' time duration of vehicle ownership has shown in below Table 5.8:

Table 5.8: Duration of car ownership

Duration of vehicle ownership	Frequency	Percent
0-1 years	85	19,1
1-3 years	137	30,8
3-5 years	82	18,4
5-10 years	45	10,1
> 10 years	18	4
Blank	78	17,5

Finally, according to the brand variable which participants currently own or would like to own in the future; majority of the participants (24.9 percent, n=111) own or would like to own a Ford brand vehicle following by 54 participants (12.1 percent) who prefer Volkswagen brand. Other participants spread into various brand choices as represented in the below Table 5.9:

Table 5.9: Car brand choice of participants

Brand	Frequency	Percent
Volkswagen	54	12,1
Toyota	23	5,2
Citroen	4	0,9
Diğer	65	14,6
Ford	111	24,9
Mercedes	35	7,9
Renault	17	3,8
Hyundai	14	3,1
Peugeot	11	2,5
Bmw	31	7
Volvo	25	5,6
Seat	5	1,1
Opel	19	4,3
Nissan	7	1,6
Dacia	5	1,1
Fiat	9	2
Skoda	10	2,2

5.2 CONFIRMATORY FACTOR ANALYSIS FINDINGS

Confirmatory factor analysis (CFA) is an extensively used method for testing the validity of scales and items. It is also used for expected cause and effect relationships between constructed variables. Therefore, CFA was conducted based on the data gathered from participants' answers. Results of CFA indicate that a particular researcher's study owns a strong theory underneath the measurement model. It should be deduced from CFA results that existed constructs or variables are able to explain a meaningful proportion of the overall model.

Before conducting a confirmatory factor analysis, Kaiser-Meyer-Olkin (KMO) and Bartlett's tests should be applied and results should be statistically examined to check if necessary prerequisites to conduct factor analysis are met or not. Test results of KMO and Bartlett's were found as in Table 5.10 below:

Table 5.10: KMO and Bartlett's test results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,944
Bartlett's Test of Sphericity	Approx. Chi-Square	13815,591
	Df	703
	Sig.	,000

To be able to conduct a factor analysis, KMO measure must be above the acceptable value equals to 0.6. Moreover, sig. value in Bartlett's test of sphericity must be also lower than the statistically acceptable upper limit equals to 0.05. In this study, the results have shown that KMO value with 0.944 is considered as perfectly accepted and sig. value with 0.000 is also statistically acceptable. Therefore, it can be said that this study is appropriate to conduct a confirmatory factor analysis on it.

As a second step, a goodness of fit (GOF) test applied. Among different methods, the chi-square has chosen within the GOF analysis. Its results should be interpreted as whether the sample data in hand is a strong representative of the main data which a researcher is expected to find within the actual population, or not. The results of GOF test were found as in Table 5.11:

Table 5.11: Goodness of fit test results

Goodness-of-fit Test

Chi-Square	Df	Sig.
2201,112	557	,000

The null hypothesis for GOF test is that the data in hand comes from a specified distribution which also means observed data is statistically different from the expected actual data. If sig. value is lower than the acceptable level of 0.05 then null hypothesis could be rejected. As it is seen from the results table, it was concluded that the observed data in this study is a strong representative of the actual population (sig. 0.000 <0.05)

As a part of the CFA, total variance explained by factors or constructs was represented as in the Table 5.12:

Table 5.12: Total variance explained by constructs

Total Variance Explained

Factor	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total
1	14,625	38,486	38,486	13,501
2	4,041	10,633	49,119	11,992
3	1,590	4,184	53,303	5,182
4	2,043	5,376	58,679	2,190

Based on these results, it was found that four factors in this model are capable of explaining 59 percentage of the total variance. As debates regarding the acceptable explained variance are lasting, in most social studies results found around 60 percent. Therefore, the value obtained with the model was considered is appropriate to proceed.

Finally, a factor matrix representing of each item's loadings within four factors was represented in the below Table 5.13, where abbreviations used as CI for consumer innovativeness, BT for brand trust, CX for customer experience and LO for brand loyalty:

Table 5.13: Factor matrix results

Factor Matrix[a]

	Factor			
	1	2	3	4
CI - 1	,139	,125	,047	-,334
CI - 2	-,027	,110	-,051	,455
CI - 3	,087	,119	-,117	,192
CI - 4	-,006	,111	-,085	,555
CI - 5	-,106	,169	-,112	,780
CI - 6	-,072	,092	-,116	,790
CI - 7	,226	,680	-,031	-,066
CI - 8	,264	,681	,003	-,080
CI - 9	,196	,781	,023	-,128
CI - 10	,239	,841	-,067	-,020
CI - 11	,200	,780	-,067	-,005
CI - 12	,268	,814	-,087	-,012
CI - 13	-,015	-,302	,090	,220
CI - 14	,269	,483	,045	-,099
BT-1	,618	,055	,102	-,019

BT-2	,678	,046	,138	,039
BT-3	,754	-,038	,007	,013
BT-4	,753	-,027	-,055	,077
BT-5	,797	-,103	-,172	,068
BT-6	,830	-,082	-,109	,012
BT-7	,759	-,068	-,174	,002
BT-8	,838	-,084	-,214	-,074
CX-1	,872	-,118	-,241	-,063
CX-2	,857	-,120	-,228	-,001
CX-3	,843	-,109	-,141	-,008
CX-4	,794	-,106	-,245	-,025
CX-5	,818	-,085	-,228	,003
CX-6	,851	-,072	-,163	-,016
CX-7	,806	-,080	-,104	,021
LO-1	,667	,030	,275	,079
LO-2	,725	-,002	,241	,061
LO-3	,743	-,035	,327	,013
LO-4	,744	-,005	,399	,024
LO-5	,750	-,004	,363	,021
LO-6	,783	,007	,300	,020
LO-7	,675	-,002	,379	,086
LO-8	,716	-,001	,399	,098
LO-9	,708	-,018	,397	,097

5.3 RELIABILITY ANALYSIS FINDINGS

Reliability of the scales was measured using Cronbach Alpha method. Despite the fact that selected scales were already used in various studies in the existed literature, it is significantly important to prove that these scales are also reliable and within statistically defined limits when applied with current sample. Alpha (α) value is an indicator of whether participants answer survey questions randomly or consistently. Therefore, Cronbach Alpha values were measured for each scale separately and results could be found below Table 5.14:

Table 5.14: Reliabilities of scales

Scale	Cronbach's Alpha
Consumer Innovativeness	0.760
Brand Trust	0.933
Customer Experience	0.957
Brand Loyalty	0.941

All scales could be considered as reliable since the lower limit for Cronbach Alpha value is 0.7 to be accepted as statistically reliable. In fact, three scales out of four are could be defined as perfect in terms of pre-considered reliability categorizations ($0.8 < \alpha < 1.0$).

5.4 HYPOTHESES ANALYSIS FINDINGS

In this part of the study constructed hypotheses will be analyzed within three main groups by virtue of three different statistical methods as regression analysis, Sobel test based mediation and moderation analysis within SPSS using Process tool. As previously mentioned, findings of hypotheses *H1, H3, H4* and *H6* will be presented within main effect analysis section using regression method, findings of *H5* will be presented within mediation effect analysis section using Sobel test within Process and finally findings of *H2* will be presented within moderator effect analysis section using Process-moderator analysis..

5.4.1 Findings of Main Effect Analyses

Analysis findings regarding four hypotheses *H1*, *H3*, *H4* and *H6* will be outlined in this part.

5.4.1.1 H1 hypothesis findings

This hypothesis defends that consumer innovativeness has a statistically significant influence on brand loyalty. To analyze this relationship, a simple linear regression technique has been applied to data since there is only one independent and one dependent variable in the equation.

The model summary results were represented in the Table 5.15:

Table 5.15: Regression results summary for H1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,213[a]	,045	,043	,824

It was deduced from adjusted-R^2 (0.045) value from the model summary table above that consumer innovativeness has an influence on brand loyalty but it is capable of only explaining 4.5 percentage of total variance within it.

The main results of ANOVA were represented in the Table 5.16:

Table 5.16: Anova table results of H1 regression analysis

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14,290	1	14,290	21,049	,000[b]
	Residual	300,753	443	,679		
	Total	315,043	444			

It was found that sig. value (.000) in the ANOVA table is lower than the statistically accepted limit of p value (.05). It supports that there is a statistically significant relationship between consumer innovativeness and brand loyalty.

Coefficients results within regression analysis have been presented in the Table 5.17:

Table 5.17: Coefficient results of H1 regression analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,726	,207		13,149	,000
	CI_Avg	,333	,072	,213	4,588	,000

Based on outputs of the coefficients table, it can be stated that even though the strength of the independent variable's influence on dependent variable is relatively lower, the relationship between consumer innovativeness on brand loyalty is positive (β=0.213). Based on these findings, *H1* = "Consumer innovativeness has an influence on brand loyalty" hypothesis has been accepted.

5.4.1.2 H3 hypothesis findings

This hypothesis defends that customer experience has a statistically significant influence on brand trust. To analyze this relationship, a simple linear regression technique has been applied to analyze cause and effect relationship between independent and dependent variable.

The model summary results were represented in the Table 5.18:

Table 5.18: Regression results summary for H3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,846[a]	,715	,714	,383

It was discovered from adjusted-R^2 (0.715) value within the model summary table above that customer experience variable is highly related with brand trust by explaining almost 72 percentage of total variance within it.

The main results of ANOVA were represented in the Table 5.19:

Table 5.19: Anova table results of H3 regression analysis

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	163,142	1	163,142	1111,357	,000[b]
	Residual	65,030	443	,147		
	Total	228,172	444			

It was found that sig. value (.000) in the ANOVA table is lower than the statistically accepted limit of p value (.05). Based on this result, it can be stated that customer experience has a meaningful influence on trust.

Coefficients results within regression analysis have been presented in the Table 5.20:

Table 5.20: Coefficients results of H3 regression analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	1,212	,080		15,070	,000
	CE_Avg	,728	,022	,846	33,337	,000

Additionally, looking at to coefficients table, it can be stated that influence of customer experience on brand trust is strongly positive (β=.846).

Based on these findings, *H3* = "Customer experience has an influence on brand trust" hypothesis has been accepted.

5.4.1.3 H4 hypothesis findings

This hypothesis defends that brand trust has a statistically significant influence on brand loyalty. To analyze this relationship, a simple linear regression technique has been applied.

The model summary results were represented in the Table 5.21:

Table 5.21: Regression results summary for H4

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,746[a]	,557	,556	,562

It was discovered from adjusted-R^2 (0.557) value within the model summary table above that brand trust is capable of explaining almost 56 percentage of total variance within brand loyalty.

The main results of ANOVA were represented in the Table 5.22:

Table 5.22: Anova table results of H4 regression analysis

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	175,368	1	175,368	556,208	,000[b]
	Residual	139,675	443	,315		
	Total	315,043	444			

It could be stated that there is a statistically meaningful and significant relationship between brand trust and brand loyalty based on the results obtained from ANOVA table (sig. value=0.000<0.05)

Coefficients results within regression analysis have been presented in the Table 5.23:

Table 5.23: Coefficients results of H4 regression analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	,307	,145		2,123	,034
	BA_Avg	,877	,037	,746	23,584	,000

It can be understood from the coefficients table that influence of brand trust on brand loyalty is at a relatively strong positive direction (β=.746).

Based on these findings, *H4* = "Brand trust has an influence on brand loyalty" hypothesis has been accepted.

5.4.1.4 H6 hypothesis findings

This hypothesis defends that customer experience has an influence on brand loyalty. To analyze this cause and effect relationship, a simple linear regression technique has been

applied to data since there is only one independent and one dependent variable in the equation.

The model summary results were represented in the Table 5.24:

Table 5.24: Regression results summary for H6

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,734[a]	,538	,537	,573

It was understood from adjusted-R2 (0.538) value from the model summary table above that customer experience variable is capable of explaining almost 54 percentage of total variance within brand loyalty.

The main results of ANOVA were represented in the Table 5.25:

Table 5.25: Anova table results of H6 regression analysis

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	169,647	1	169,647	516,887	,000[b]
	Residual	145,396	443	,328		
	Total	315,043	444			

It is deduced from the ANOVA results table, a statistically meaningful and significant relationship between customer experience and brand loyalty variables exists (sig. value=0.000<0.05).

Coefficients results within regression analysis have been presented in the Table 5.26:

Table 5.26: Coefficients results of H6 regression analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,996	,120		8,281	,000
	CX_Avg	,743	,033	,734	22,735	,000

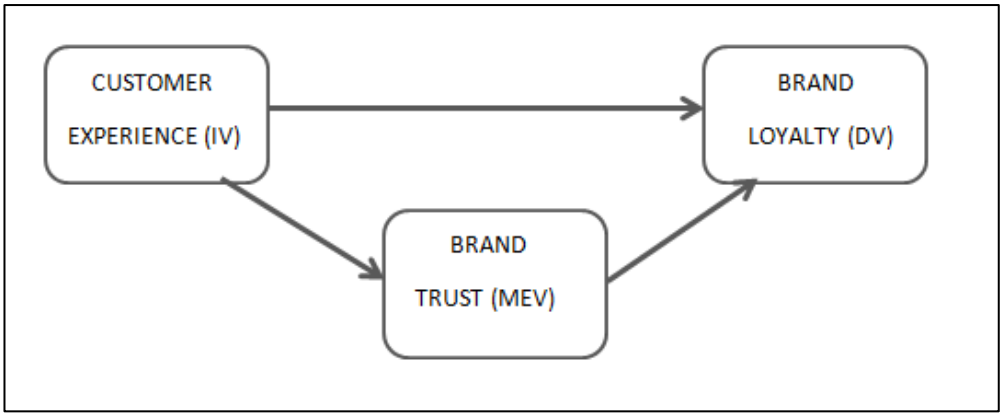
Based on the coefficients table it was found that influence of customer experience on brand loyalty is at a relatively strong positive direction (β=.734).

Based on these findings, *H6* = "Customer experience has an influence on brand loyalty" hypothesis has been accepted.

5.4.2 Findings of Mediation Effect Analysis

H5 hypothesis will be analyzed within this section. This hypothesis defends that the relationship between customer experience and brand loyalty is mediated by brand trust. The framework indicating stated mediation effect is presented in below Figure 5.1 for the purpose of this hypothesis:

Figure 5.1: Theoretical framework for H5



There are numerous methods to analyze mediation effect between variables. Nevertheless, Sobel test through 'Process' macro tool created by Hayes was used in this part of analysis. Necessary information about mediation analysis was obtained from the book called 'Introduction to Mediation, Moderation and Conditional Process Analysis: A Regression-based Approach' written by Hayes (2018).

In any circumstances, there are certain prerequisites for conducting any mediation effect analysis including Sobel test to be met. These necessities were defined by Baron and Kenny (1986) as below:

i. There must be a statistically significant relationship between IV AND MEV.

Related results of the analysis regarding this first prerequisite presented in Table 5.27:

Table 5.27: First mediation prerequisite results

OUTCOME VARIABLE:
BT

Model Summary

R	R-sq	MSE	F	df1	df2	p
,8456	,7150	,1468	1111,3571	1,0000	443,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	1,2122	,0804	15,0696	,0000	1,0541	1,3703
CX	,7284	,0218	33,3370	,0000	,6854	,7713

Based on these results (p=0.0000, t=33.3370), it can be said that the first necessity of the model has been met. It means there is a statistically significant relationship between variables. In fact, it could be deduced that a relatively strong positive relationship exists between them (CX coeff=0.7284).

ii. IV must have a significant influence on DV.

iii. MEV, when included into equation, must decrease the strength of the relationship between IV and DV.

Both second and third conditions can be explained by looking at the results obtained from the below Table 5.28 and Table 5.29 below :

Table 5.28: Second and third nediation requisites' results

OUTCOME VARIABLE:
LO

Model Summary

R	R-sq	MSE	F	df1	df2	p
,7338	,5385	,3282	516,8874	1,0000	443,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	,9961	,1203	8,2814	,0000	,7597	1,2325
CX	,7427	,0327	22,7352	,0000	,6785	,8069

Looking at to first table, it could be stated that there is a statistically significant relationship between IV and DV ($p=0.000<0.05$, $t=22.7352$). Relationship between IV and DV is positive (CX_coeff=0.7427) and also IV influences almost 54 percentage of the DV by itself (R-sq=0.5385).

Table 5.29: Main mediation analysis results

OUTCOME VARIABLE:
LO

Model Summary

R	R-sq	MSE	F	df1	df2	p
,7706	,5938	,2895	323,1102	2,0000	442,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	,3684	,1389	2,6517	,0083	,0954	,6415
CX	,3656	,0575	6,3611	,0000	,2526	,4785
BT	,5178	,0667	7,7606	,0000	,3867	,6489

The results from second table show that when brand trust was added into equation as a mediator, it decreased the level of influence between IV and DV. Coefficient of customer experience dropped from 0.7427 to 0.3656. This is considered as partial mediation since the MEV does not completely remove the total effect of relationship. It decreases the power of it in a fair amount.

The mediation relationship can be also proven by looking at summary results of indirect relationships provided by Sobel or mediation test within Process tool in Table 5.30:

Table 5.30: Indirect effects test results

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
BT	,3771	,0650	,2564	,5092

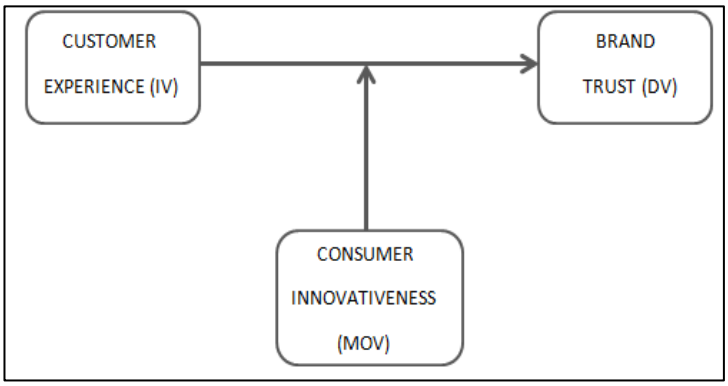
This analysis projects that if there is no zero value falls into between values of lower and upper limits of confidence intervals, then a meaningful mediation relationship can be a matter of subject. Since both values (LLCI=0.2564, ULCI=0.5092) in this model is higher than the zero than it is proven that there is a statistically significant mediator effect exists.

Based on these findings, *H5* = "Brand trust mediates the relationship between customer experience and brand loyalty" hypothesis has been accepted.

5.4.3 Findings of Moderator Effect Analysis

H2 hypothesis defending that the relationship between customer experience and brand trust is moderated by consumer innovativeness will be analyzed in this section. The framework which shows the basic relationship between variables presented in the below Figure 5.2:

Figure 5.2: Theoretical framework for H2



Moderation effect means that strength of the influence of an IV on a DV depends on another variable or a group of variables. Consumer innovativeness was considered as covariate or moderator variable in our model. As it is previously mentioned in instruments of analysis section, a moderator or indirect variable effect analysis was executed by utilizing Hayes's Process macro tool. Related findings could be found in below Table 5.31:

Table 5.31: Moderator analysis results for H2

OUTCOME VARIABLE:
BT

Model Summary

R	R-sq	MSE	F	df1	df2	p
,8495	,7217	,2802	381,2565	3,0000	441,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	,0067	,0254	,2626	,7930	-,0433	,0566
CX	,8360	,0255	32,7787	,0000	,7859	,8861
CI	,0733	,0255	2,8755	,0042	,0232	,1234
Int_1	-,0404	,0240	-1,6868	,0923	-,0875	,0067

To evaluate the moderator relationship, Int_1 values in above table should be taken into consideration. Considering p value (.0923) which is greater than acceptable value 0.05; it can be said that there is no statistically significant or meaningful moderator relationship exists. Same conclusion could be obtained by looking at lower and upper

limits of confidence intervals (-0.0875 to 0.0067). According to this method, existence of a zero value within these interval values indicates that the relationship is not meaningful as statistically.

Test of interactions results take place in the below Table 5.32:

Table 5.32: Unconditional interactions test results

Test(s) of highest order unconditional interaction(s):					
	R2-chng	F	df1	df2	p
X*W	,0018	2,8454	1,0000	441,0000	,0923

Since p value (0.0923) is greater than limit value of 0.05 in here, it also supports that no meaningful moderation effect exists. It must be state that, based on the model algorithm, "X*W" in this table, represents the interaction / moderation effect consisting of consumer innovativeness and customer experience to brand trust.

Based on these findings, *H2* hypothesis "Consumer innovativeness moderates the relationship between customer experience and brand trust" is rejected.

5.5 SUMMARY OF HYPOTHESIS RESULTS

A summary indicating which hypotheses are accepted and which are rejected is presented in below Table 5.33:

Table 5.33: Summary results of hypotheses

		Not Rejected	Rejected
H1	Consumer innovativeness has an influence on brand loyalty.	√	
H2	Consumer innovativeness moderates the relationship between customer experience and brand trust.		X
H3	Customer experience has an influence on brand trust	√	
H4	Brand trust has an influence on brand loyalty.	√	
H5	Brand trust mediates the relationship between customer experience and brand loyalty	√	
H6	Customer experience has an influence on brand loyalty.	√	

6. DISCUSSION AND CONCLUSION

Technology has become an inseparable part of our lives for so long. Innovation within technological development has gained remarkable importance in last decades especially with the contributions of four industrial revolutions. However, innovation does not necessarily have to be a technological activity, anything like even an abstract notion as an idea, that brings novelty to a certain extent, is considered as innovation. Nevertheless, adaptation of actually practiced innovations by companies to gain strategic competitiveness in the market, is significantly related with innovativeness of individuals. The concept, consumer innovativeness, thus carries a great importance in the business perspective. Customer experience is a relatively new subject which is researched for only few decades, but it has already become the center of attention for most product or service providers. Superior experiences are now the only thing what customers are looking for and it is also the reason behind most firms starting redesign their business to delight their customers. The level of trust towards a brand is an another factor which carries a great importance for businesses, because unless customers do not have trust in you, then it means everything you have is potentially open to be gone forever. Trust is the main motivator for customers to believe in your brand to do everything necessary for them. Last but not least, loyalty is the principal indicator of a long-lasting relationship between firms and customers. Temporary improvisations could bring higher but short-termed benefits, but since sustainability is the ultimate goal for many firms, it is important to create a loyal customer base by adding numerous benefits on another to last longer.

It is obvious that each of these concepts has its own importance, but telescopic relationships between them are quite harder to understand and to reveal. As a matter of fact that, since especially consumer innovativeness and customer experience are relatively new to the research and business areas, total information received from existed literature is considered as limited to a certain extent. Although there are certain studies exist which analyzed these relationships as dichotomously, very little was found which analyzed them as multi-directional. From this point of view, the present study was designed to determine the interrelated and complex relationships between all four factors including consumer innovativeness, customer experience, brand trust and brand

loyalty. To this respect, I believe this study will make an effectual contribution to the existed literature by expanding its scope.

Six main research question and linked hypotheses were constructed based on the purpose of study. A questionnaire based practice was conducted to find answers to these questions by selecting the automotive industry as the case industry. Results of this survey with a sample of 445 participants, analyzed with three major statistical methods including main/regression, mediation and moderation effects.

The results of this study show that there is a significantly meaningful relationship between consumer innovativeness and brand loyalty. The present findings seem to be consistent with other previous researches which also found that consumer innovativeness has an influence on brand loyalty. Hirschman (1980) suggested that consumer innovativeness is one of the most recent but also most important factors which affects various consumer behaviors including brand loyalty. It was also found in a study of Wang et al. (2006) that level of loyalty towards a brand changes according to innovativeness level of consumers. These findings may help us to understand that firms may think about redesigning their business processes according to distinct target customer segments with different innovativeness levels if they want to create a loyal customer base for competitiveness.

The most unanticipated finding of this study was that no significant moderator relationship between customer experience, consumer innovativeness and brand trust is found as contrary to expectations. As it was previously stated, there is almost no information in the existed literature which explains the threefold relationship between these factors. However, there is a study conducted by Zhou (2011) and the results of his study found that a negative relationship between consumer innovativeness with brand trust exist. On the other hand, consumer innovativeness was defined as an individual inclination to looking for new experiences (Khare et al. 2010). Besides, it is already known that brand trust occurs as a result of consecutive positive experiences based on usage of a product or a service as having two main dimensions: cognitive and emotional (Delgado-Ballester and Aleman 2005). Thus, it was thought that experiences in relation with emotional dimension and consumer innovativeness in relation with cognitive dimension may alter each other's effect on brand trust. Combining these knowledge, it

was expected in this study to see that if a consumer has strong innovativeness characteristics, then it will reduce the strength of an experienced-based trust towards a particular brand since he will be looking for new experiences, most probably with a new brand. Despite the fact that both factors were found as significanlty related with brand trust, the results of study found that consumer innovativeness has no meaningful indirect effect on the relationship between customer experience and brand trust. It means that even if consumer innovativeness has an influence on brand trust in some level, it does not have the capability for moderating the customer experience's influence on trust.

Another objective of this study was to identify the relationship between customer experience and brand trust. The results of the study show that there is a relatively high positive relationship between customer experience and brand trust. In a similar vein, brand trust was defined as a notion which formed and developed as a result of direct experiences of customers with a particular brand (Chaudhuri and Holbrook 2001, Doney and Cannon 1997). Ha and Perks (2005) has conducted an analysis to analyze the relationship between customer experience and brand trust based on web, and they also conclude that experiences of customers significanlty affects their trust toward the brand. Thus, it is appropriate to say that produced results within this study corroborate the findings of a great deal of the previous works in this field.

The fourth research question was constructed to analyze if brand trust has a significant influence on brand loyalty or not. The findings of this study show that a relatively strong positive relationship exists between trust and loyalty. It is encouraging to compare this result with most recognized studies conducted by Delgado-Ballester and Aleman (2005), Chaudhuri and Holbrook (2001) and Matzler et al. (2008) which all found brand trust as one of the most important prerequisites of brand loyalty. One of the issues emerging from these findings is that companies which want to ensure competitive sustainability through loyalty, should first try to create trust within their customers. Customers who trust a particular brand are more likely to resist incoveniences or changes, and thus more likely to stay loyal to this brand.

The results of current study show that there is a significanlty meaningful relationship between customer experience and brand loyalty. In addition to that, an another

interesting finding found within this study which indicates that this relationship between these two factors is mediated by brand trust. The findings regarding the relationship between customer experience and brand loyalty are consistent with most of the studies in the literature. Oliver (1999) suggested that cognition can be obtain through recent experiences with a brand's products or services. Cognition indicates to a customer that this specific brand is more preferable than other available options and by this mean it generates the first phase of loyalty generation: cognitive phase. If brand keeps offering greater experiences to its customer, the customer will eventually progress to affective loyalty stage where he or she develops certain feelings such as liking, loving towards the brand. Findings in this study are also supported with the results of research conducted by Brakus et al. (2009) which testified that customer experience both directly and indirectly influences brand loyalty as at a significant level. However, in reviewing the literature, quite little information found on the relationship between experience and loyalty mediated by trust. Within limited sources, a recent study results of Huang (2017) which similarly conducted in automotive industry, supports the findings of this study by demonstrating that brand trust has a mediator role within the relationship between customer experience and brand loyalty. The results imply that loyalty could be increased through superior experiences, but brands which want to go even further, should definetely try to create trust within their customers to maximize the effects of experiences. In the light of this information, it could be stated that this present study contributes to the existed literature by expanding its scope, since there are various studies existed that investigates these relationships as dichotomously but not at that level of interrelation complexity.

As a summary of findings of the study, it can be said that each factor is somehow has an influence on business' main objectives but each of them reveals it in a different way or in a different context. Therefore, all relationships should take into consideration as both discretely and non-discretely.

6.1 LIMITATIONS

Most of the studies including this one carry some sort of limitations which may affect the results of the study. As first limitation of this study, determined and accessed sample size could be stated. Despite the fact that the size of the sample is appropriate to conduct

an analysis, higher sample sizes could generate more meaningful results since size of the sample affects the generalizability of the study to total population. As second limition, sample characteristics could be stated. The reason behind that is almost one fourth of participants do not own a car. Since factor scale questions in this study constructed to be answered by considering a car brand, it is important to bear in mind that possible bias may occur within these responses. Sampling method takes place as an another limitation. For the purpose of this study, convenient sampling has been chosen due to its advantages such as cost, time and accesability. Although it enables to reach a high number of people with a high internal variance, it also creates a number of possibilites for bias. Automotive industry has chosen for the purpose of this study since cars are significantly important for our lives in means of safety and convenience, but also the sector carries huge innovational activities. Besides, it is a common belief that most car owners see the cars which they own as an extent of themselves which emphasizes trust and loyalty. These characteristics make the automotive industry is an appropriate area to conduct a study on it, but they may also result in bias.

6.2 IMPLICATIONS AND FURTHER RESEARCH

There are numerous implications of this study both theoretical and managerial. In theoretical perspective, it was observed that although there are numerous studies which studied consumer innovativeness, customer experience, brand tust and brand loyalty separetly, no satisfactory amount of knowledge exists to analyze these factors as in an interrelated context. Thus, theoratical implication of this study is to provide a more comprehensive understanding to the literature by stating that consumer innovativeness does not carry a moderator effect on the relationship between customer experience and brand trust. Also, brand trust increases the influence of experience on loyalty through a mediation effect. In a managerial perspective, most important implication is that brand loyalty is found as the ultimate goal for many companies. Therefore, to survive from the intense competition, a firm has to own long-lasting relationships through loyalty which will eventually turn them into advocaters of the brand. In doing so, managers have to be aware of that loyalty is not a concept which develops solely on its own as it is proven with this study. They have to consider each factor seperately and design their businesses to be capable of reacting to each one differently. In terms of experience, customers now

expect something more than just product or a service. They expect to live an excited, thrilled, unforgettable and heart-touching experiences. Therefore, each company which wants to stand out in a huge number of similar options, must offer superior experiences to their customers. Moreover; companies need to keep their stated promises, give their customers primacy, be careful about standing by their customers in case of a problem, be honest, be satisfactory and maybe most importantly they need to let customers know all of these. Implicating from this study's findings, it is highly important for managers to know that only being successful or good at directing a single factors is not enough. They must take into consideration that each of consumer innovativeness, customer experience, brand trust and brand loyalty has a different interrelated relationship with another, so a whole mindset within their businesses should be formed to react each factor differently.

As a final issue, further studies on the current topic are highly recommended. To obtain superior results, further research could be conducted with a greater sample size. Different factors which considered as related such as brand image, brand reputation or customer satisfaction could be added into the model in further research. This study relies on automotive industry products, thus it is suggested that conducting a similar research on a different industry could increase the reliability and generalizability of the subjects. It is also important to state that further research could be done using different scales for measurement which are able to measure the sub-dimensions of the constructs.

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APPENDICES

Appendix 1: Online questionnaire

Gülçin Aslan - Yüksek Lisans Tez Araştırma Anket Formu

Değerli Katılımcı;

Tüketici Yenilikçiliği , Müşteri Deneyimi, Marka Tutumu ve de Marka Sadakati ile ilgili tüketici değerlendirmelerini ölçmeyi amaçlayan bu anket çalışmasını cevaplandırmak yaklaşık olarak 5 dakikanızı alacak olup, bilimsel amaçlı bir çalışmadır.

Vereceğiniz bilgiler çalışmanın tamamlanabilmesi açısından büyük öneme sahiptir. Bu bilgiler kesinlikle başka amaçlar için kullanılmayacak olup , hepsi gizli tutulacaktır.

Katkılarınız ve anketi doldururken göstereceğiniz ilgi ve özen için şimdiden teşekkür ederiz.

Tamam

* 1. Aşağıdaki ifadeleri lütfen kendinizi düşünerek değerlendiriniz.

	Kesinlikle Katılmıyorum	Az Katılıyorum	Az / Çok Katılıyorum	Çok Katılıyorum	Kesinlikle Katılıyorum
Yeni bir markayı satın almadan önce, bu yeni markayla tecrübesi olan bir arkadaşıma danışmayı tercih ederim.	○	○	○	○	○
Yeni bir ürün ya da hizmet satın alma konusunda tecrübe sahibi arkadaş ya da aile bireylerinin görüşlerine güvenmem.	○	○	○	○	○
Yeni bir ürünü satın almadan önce nadiren bir arkadaşıma o ürün ile ilgili tecrübesini sorarım.	○	○	○	○	○

Yeni bir ürün satın almaya karar verirken, o ürünü zaten denemiş olan arkadaşlarımın görüşlerine dayanmaksızın kendim karar veririm.	○	○	○	○	○
Yeni bir ürün ya da hizmet satın alma niyetim olduğunda, o ürünü deneyip denememe konusunda bilgi veren arkadaş ya da yakından tanıdığım kişilerin görüşlerine güvenmem.	○	○	○	○	○
Yeni ürünler satın alıp almamak için kararımı vermeden önce, o ürünlerle tecrübesi olan arkadaşlarımın verdikleri bilgiye güvenmem.	○	○	○	○	○
Sıklıkla yeni ürünler ve markalar hakkında bilgiler araştırırım.	○	○	○	○	○
Yeni ürünler ve markalar hakkında bilgilerin verildiği yerlere gitmeyi severim.	○	○	○	○	○
Yeni markaları tanıtan dergileri ve internet sayfalarını severim.	○	○	○	○	○
Sıklıkla yeni ürünleri veya hizmetleri araştırırım.	○	○	○	○	○
Ürün bilgileri ile ilgili yeni ve farklı kaynaklara ulaşabileceğim durumlar arayışı içerisindeyim.	○	○	○	○	○
Sürekli olarak yeni ürün deneyimlerini araştırırım.	○	○	○	○	○
Alışverişe çıktığımda yeni ürün veya markaları kontrol etmeye fazla zaman ayırmam.	○	○	○	○	○
Yeni ve farklı ürünlerle ilgili bilgi edinebilmek için karşıma çıkan ilk fırsattan faydalanırım.	○	○	○	○	○

* 2. Aşağıdaki ifadeleri lütfen sahip olduğunuz ya da sahip olmayı arzuladığınız araç markasını düşünerek cevap veriniz.

	Kesinlikle Katılmıyorum	Az Katılıyorum	Az / Çok Katılıyorum	Çok Katılıyorum	Kesinlikle Katılıyorum
Bu marka beklentilerimi karşılar.	○	○	○	○	○
Bu markaya güven duyarım.	○	○	○	○	○
Bu marka beni hayal kırıklığına uğratmaz.	○	○	○	○	○
Bu marka tatmin olmayı garanti eder.	○	○	○	○	○
Bu marka sorunlarımı çözmede dürüst ve samimidir.	○	○	○	○	○
Problemleri çözmesi açısından bu markaya güvenebilirim.	○	○	○	○	○
Bu marka beni tatmin etmek için çaba harcar.	○	○	○	○	○
Bu marka ürünleri ya da hizmetleri ile ilgili problem yaşadığımda, bunu bir şekilde telafi eder.	○	○	○	○	○
Bu marka beni hep anlar.	○	○	○	○	○
Bu marka bana oldukça değer verir.	○	○	○	○	○
Bu marka değer yapımla oldukça örtüşür.	○	○	○	○	○
Bu markanın sadık bir müşterisiyim.	○	○	○	○	○
Diğer markalara göre bu markayı daha yakından takip ederim.	○	○	○	○	○
Bu markayla ilgili diğer insanlara olumlu şeyler söylerim.	○	○	○	○	○
Benden tavsiye isteyenlere bu markayı öneririm.	○	○	○	○	○
Arkadaşlarımı ve akrabalarımı bu markayı kullanmaları için teşvik ederim.	○	○	○	○	○
Benim için bu markayı satın almak, diğer markaları satın almaya göre daha önemlidir.	○	○	○	○	○

Daima aynı markayı kullanırım, çünkü bu markayı gerçekten çok seviyorum.	○	○	○	○	○
İleride de bu markayı kullanmaya devam edeceğim	○	○	○	○	○
Alışveriş yapmaya karar verdiğimde bu marka benim ilk tercihimdir.	○	○	○	○	○

* 3. Cinsiyetiniz:

- ○ Kadın
- ○ Erkek
- ○ Belirtmek istemiyorum

* 4. Yaşınız:

- ○ 18-25
- ○ 26-35
- ○ 36-45
- ○ 46-55
- ○ +55

* 5. Öğrenim durumunuz:

- ○ İlköğretim
- ○ Lise
- ○ Yüksekokul
- ○ Üniversite
- ○ Yüksek Lisans
- ○ Doktora

* 6. Mesleğiniz:

- ◯ Özel Sektör Çalışanı
- ◯ Kamu Çalışanı
- ◯ Ev Hanımı
- ◯ Serbest Meslek / Esnaf
- ◯ Emekli
- ◯ Öğrenci
- ◯ İşsiz
- ◯ Diğer

* 7. Aylık ortalama geliriniz:

- ◯ 0 – 2000 TL
- ◯ 2001 – 4000 TL
- ◯ 4001 – 6000 TL
- ◯ 6001– 8000 TL
- ◯ 8001– 10.000 TL
- ◯ +10.000 TL

* 8. Medeni durumunuz:

- ◯ Evli
- ◯ Bekar

* 9. Araç sahibi misiniz? (Cevabınız evet ise, lütfen bir sonraki soruya cevap veriniz; hayır ise lütfen 11. soruya geçiniz..)

- ◯ Evet
- ◯ Hayır

10. Sahip olduğunuz aracı kaç senedir kullanıyorsunuz?

- ◯ 0-1 yıl
- ◯ 1-3 yıl
- ◯ 3-5 yıl
- ◯ 5-10 yıl
- ◯ +10 yıl

* 11. Sahip olduğunuz ya da sahip olmayı arzuladığınız araç markası nedir?

- ◯ Ford
- ◯ Volkswagen (VW)
- ◯ Opel
- ◯ Fiat
- ◯ Hyundai
- ◯ Toyota
- ◯ BMW
- ◯ Mercedes-Benz
- ◯ Seat
- ◯ Renault
- ◯ Peugeot
- ◯ Nissan
- ◯ Volvo
- ◯ Skoda
- ◯ Citroen
- ◯ Dacia
- ◯ Diğer