Brand Coolness, Brand Engagement and Brand Equity of Luxury Brand

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Abstract: *This study empirically investigates the interrelationships between brand coolness, brand engagement, and brand equity of the luxury brand. A survey was conducted among a sample of 234 Thai consumers. Data collection was analyzed by using Structural Equation Modeling (SEM). The article concludes with a valuable framework that has contributed meaningfully to a better understanding of the process of building brand engagement and brand equity through brand coolness. This study extends the previous research and has contributions to both theory and practice in the luxury industry.*

Keywords: Brand Coolness, Brand Engagement, Brand Equity, Luxury Brand

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1. Introduction

Luxury products are often associated with desirable goods such as clothes, jewelry, and bags. The luxury brand has a long brand story, authenticity, and original design. In 2019, the value of luxury product sales around the world is worth up to $1.47 trillion, or about 45.5 trillion baht. In the same vein, the retail value of the imported luxury brands market in Thailand is also increasing every year. Main customers are a group of people with high purchasing power to maximize their emotional well-being. With increased exposure to luxury products, it is important to examine the factor that enhances their purchase intention.

In particular, practitioners and researchers have paid limited attention to brand coolness which refers to the brand that initially becomes cool to a niche market. Brand coolness is perceived to be more subcultural, rebellious, authentic, and original. Some cool brands have become adopted by the masses, which are perceived as iconic brands (Warren, 2019). Another factor enhancing purchase intention is brand engagement which is essential to the sustainable survival of a business. Brand engagement is the process of eager talking about the brand, learning about the brand, and showing product usage (Goldsmith, 2011).

It can be noted that a set of characteristics of brand coolness influences brand engagement among consumers. To engage consumers for a luxury brand, it is critical to provide its meaning and the creation of authentic experiences (Grayson and Martinec, 2004). Coolness is one of the components that make humans feel love or like. This feeling then influences re-purchase intention and consumer engagement with the brand. Moreover, brand engagement is a significant source of marketing intelligence that may enhance the perception of brand equity and strengthen the relationship between brand and customer.

2. Literature Review

Brand Coolness

Brand coolness can be defined as the brand offering cool (or uncool) at the consumer level. (Connor 1995; Gurrieri 2009; Pountain and Robins 2000). Coolness is not a characteristic of an object or person (Pountain & Robbins, 2000), but a perception related to impression, requiring validation from others (Belk et al., 2010). The concept of coolness has been studied rarely in marketing. According to Warren et al. (2019), they examined ten characteristics that associated with brand coolness including extraordinary, aesthetically appealing, energetic, high status, rebellious, original, authentic, subcultural, iconic, and popular.

Brand Engagement

Brand engagement refers to the degree of feelings and emotional attachment to the brand, organization, business, product, or services (Doorn et al., 2010). Brand engagement also represents the relationship bond between consumers and brands (Harter, Asplund & Fleming, 2004). It includes several aspects which are confidence, integrity, pride, and passion. An early study by Higgins & Scholer (2009) defines brand engagement as the stage of affiliation with a brand or organization that consumers are interested in. Consequently, brand or organization activities play a critical role in influencing consumers' feelings. Importantly, customer engagement elicited a higher level of customer loyalty to a brand (Bowden, 2009; Roberts and Alpert, 2010).

Brand Equity

Brand equity is a group of assets and liabilities linking the brand image to the symbols that add value to the company, product, and service. If the product name or symbol is changed, it, therefore, affect that brand or company (Aaker, 1996). In the same vein, Farquhar (1989) defined brand equity as the value that added to a brand creates for a product. The value of a brand can be built from corporate, merchant, and consumer perspectives. In comparison, the Marketing Science Institute of the United States defines brand equity as a set of behaviors performed by customers, channel members, and firms to maximize sales and profits. In addition, brand equity also enhances brand strength, brand consistency, and unbeatable competitive advantage (Keller, 1998).

Objectives of the study

How does brand coolness relate to brand engagement and brand equity of luxury brand? The objectives of the study are as follow:
1) To investigate the relationship between brand coolness and brand engagement.
2) To investigate the relationship between brand engagement and brand equity.
3) To investigate the relationship between brand coolness and brand equity.
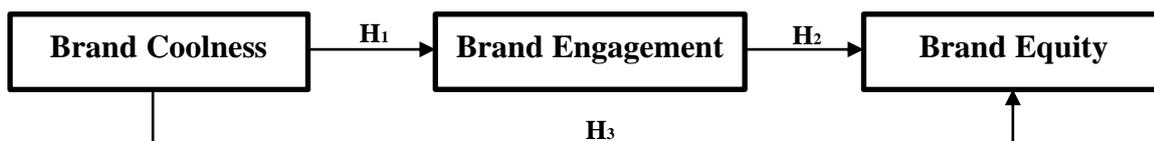
The study leads to the following research hypotheses:

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┌──────────────────┐  H₁  ┌──────────────────┐  H₂  ┌──────────────────┐
│  Brand Coolness  │─────▶│ Brand Engagement │─────▶│   Brand Equity   │
└──────────────────┘      └──────────────────┘      └──────────────────┘
         │                         H₃                          ▲
         └───────────────────────────────────────────────────┘
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Figure 1: A Conceptual Framework and Hypotheses

There are three research hypotheses, including H_1: There will be a positive relationship between brand coolness and brand engagement. H_2: There will be a positive relationship between brand engagement and brand equity. H_3: There will be a positive relationship between brand coolness and brand equity.

3. Methodology

This quantitative study utilized the online questionnaires and judgment sampling method by specifying the conditions of the 234 samples by setting the requirements of the luxury brand customer in Bangkok metropolis and vicinity. In which the study will use the Screen Question to select the qualified respondents. The questionnaire is divided into 5 parts: Part 1 General purchase, Part 2 Brand Coolness, Part 3 Brand Engagement, Part 4 Brand Equity, and Part 5 General Information.

The questionnaire is divided into 5 parts. Brand Coolness was composed of 37 questions, Brand Engagement consisted of 21 questions, and Brand Equity consisted of 11 questions. A 7-point Likert scale was used for measurement. Data collection was analyzed using structural equation modeling (SEM), which includes a measurement model and structural model (Kline, 2010).

Results

The findings showed that the majority of the samples who used luxury bags were aged between 31-40 years, representing 43.6 percent. Most of the samples were private company employees (35.9 percent) and self-employed (35.9 percent). Half of the respondents held a Bachelor's degree (54.3 percent) with an average monthly income of more than 50,000 baht (41.5 percent). The majority of the respondents lived in Bangkok, representing 65.0 percent.

According to the findings, the normality analysis was first conducted. The results showed that the minimum skewness was -.815 and the maximum was -.462, while the minimum kurtosis was -.437 and the maximum was .376. Therefore, it can be seen that the skewness and the kurtosis of the data were between -2 and 2, indicating that the data was normality (Tabachnick & Fidell, 2007).

Furthermore, the multicollinearity analysis showed that the value of VIF varied from 2.171 to 3.318 which is less than 20 for all variables. Also, all tolerance values were higher than .10 ranging from .301 to .461. It approved that multicollinearity was not an issue in this research. (Stevens, 2009).

Measurement Model Analysis

The confirmatory factor analysis (CFA) was performed to test the construct validity. A model in this study consists of brand coolness (14 items), brand engagement (11 items), and brand equity (5 items).

The CFA results illustrated a perfect fit across all fit criteria (Chi square/df = 1.230, GFI = 0.901, CFI = 0.989, RMSEA = 0.031, and SRMR = 0.522) with high factor loading and Cronbach's Alpha value.

Table 1: Factor Loading and Cronbach's Alpha Analysis

| Constructs	Loading	α
Brand Coolness ($\bar{x}$ = 5.95, S.D. = 1.05)		
(BC2) This luxury brand is helping people/superb.	.747	
(BC3) This luxury brand is valuable/fantastic.	.778	
(BC9) This luxury brand is looking good.	.892	
(BC10) This luxury brand is aesthetically appealing.	.792	
(BC12) This luxury brand is a nice appearance.	.831	
(BC14) This luxury brand is original.	.707	
(BC17) This luxury brand is true to its roots.	.715	
(BC19) This luxury brand doesn't try to be something it's not.	.717	.953
(BC24) This luxury brand is chic.	.736	
(BC25) This luxury brand is glamorous.	.776	
(BC27) This luxury brand is ritzy.	.780	
(BC29) This luxury brand is in-style.	.704	
(BC30) This luxury brand is popular.	.776	
(BC31) This luxury brand is widely accepted.	.750	
Brand Engagement ($\bar{x}$ = 4.99, S.D. = 1.56)		
(BE3) You think of this brand and often spend a lot of time thinking about this brand.	.810	
(BE4) You think about this brand, take time to think about it and consider it.	.835	
(BE6) You are interested in this brand.	.873	
(BE7) You pay a lot of attention to this brand.	.924	
(BE8) You are excited about this brand.	.905	
(BE10) This brand creates a feeling of excitement for you.	.910	.968
(BE11) You are enthusiastic about this brand.	.889	
(BE12) This brand gives you enthusiasm.	.902	
(BE14) You enjoy being a fan of this brand.	.877	
(BE19) You love getting involved and talking about the brand a lot.	.716	
(BE20) You enjoyed exchanging your thoughts with others about this brand.	.720	

Table 1: Factor Loading and Cronbach's Alpha Analysis

Constructs	Loading	α
Brand Equity ($\bar{x}$ = 5.84, S.D. = 1.12)		
(BQ1) Your favorite luxury brand represents a high-quality product.	.760	
(BQ3) This brand represents a reliable product.	.791	
(BQ6) You can distinguish this brand from other brands.	.763	.877
(BQ7) You can quickly recall the emblem or logo of this brand.	.777	
(BQ8) You are familiar with this brand.	.813	

According to Table 1, it can be seen that all observed variables had high factor loadings (>.50) It indicates that the data is highly accurate (Hair et al., 2010). Similarly, the values of Cronbach's Alpha of the measurement were higher than 0.70 varying from 0.87 to 0.96. Hence, the measurements model in this study was highly reliable (Zikmund et al., 2010).

Structural Model Analysis

The results from the baseline SEM model showed that the structural model indicated an excellent fit with all goodness of fit indices achieving the acceptable level (χ^2= 412.018, df=335, $\chi^2 2$/df = 1.230, GFI = .901, CFI = .989, RMSEA = .031, SRMR = .0522) (Hair et al., 2010; Kline, 2010). The structural model with standardized path coefficients was shown in Figure 2.
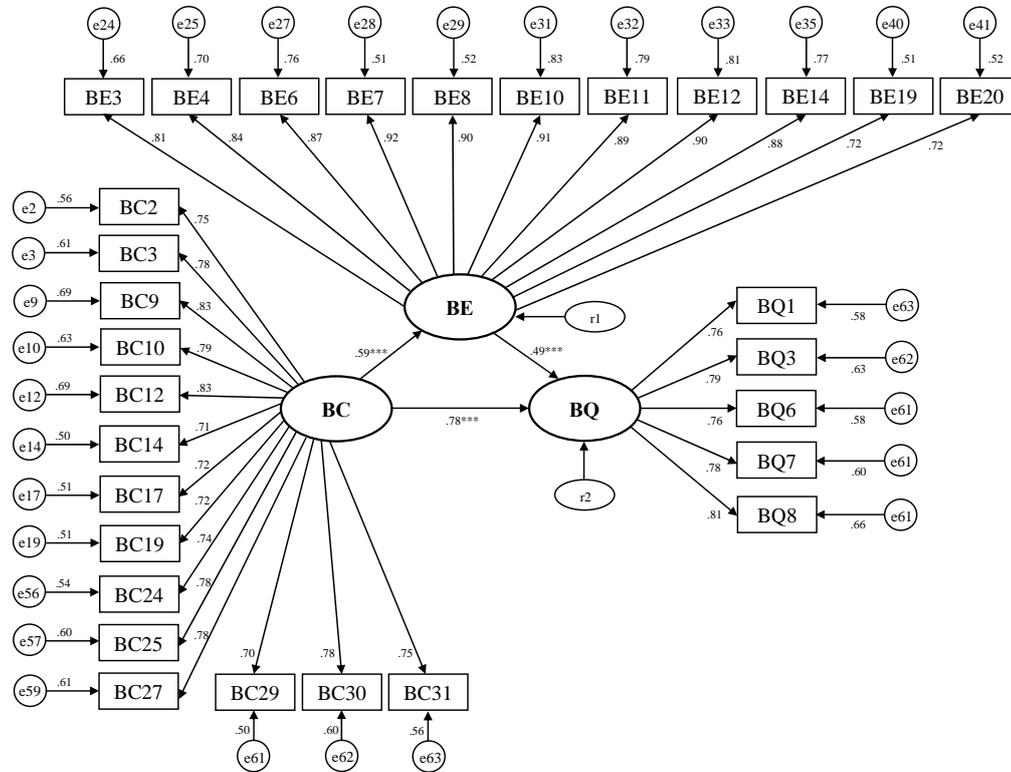
CFA MODEL
Chi square = 412.018, df = 335, Chi square/df = 1.230,
GFI = .901, CFI = .989, RMSEA = .031, SRMR = .522

Figure 2: The SEM Result

The result of the path analyses for the research model reveals in Table 2. It indicates that all hypotheses were supported. The standardized estimates for these hypotheses were all statistically significant (β = .49, P <.001, β = .27, P <.001 and β = .65, P <.001). The results showed 24 percent explaining the variance in brand engagement and 66 percent explaining the variance in brand equity.

Table 2: Summary of the Finding of the Study

	Hypotheses	β	t-value	Result
H_1	Brand Coolness has positively correlated with Brand Engagement.	.49	6.930***	Supported
H_2	Brand Engagement has positively correlated with Brand Equity.	.27	4.771***	Supported
H_3	Brand Coolness has positively correlated with Brand Equity.	.65	8.320***	Supported

R^2_{BE} = .24, R^2_{BQ} = .66
*P < .05, **P < .01, ***P < .001

4. Conclusion

This study presented the direct and indirect effect of brand coolness on brand engagement. The result was consistent with the previous researches (Grayson & Martinec, 2004; Grayson and Schulman, 2000). In the same vein, the study is also supportive of the work by Goldsmith, Flynn, and Clark (2012) as well as the idea that brand coolness elicited higher brand equity both direct and indirectly. The findings of this study could add to the body of literature on brand management in that the power of brand coolness influencing brand engagement and brand equity in the luxury brand. In addition, this study is designed to expand the understanding of the importance of building coolness in luxury brands. Practitioners of this context may benefit from these insights in an effort to build and maintain brand engagement and brand equity.

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