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**Brand Experience and Consumers'
Willingness to Pay a Price Premium:
How Physical Brand Events Shape
Perceived Uniqueness, Brand Trust, and
Brand Loyalty in a Mature Market**

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Abstract

The rise of the experience economy has reshaped the competitive landscape, making physical brand events – a firm-controlled form of experiential marketing – a favoured instrument for eliciting brand experience. For a brand, the return on such events may be measured in the ability to command a price premium, which is hard to sustain in mature markets and low-involvement product categories due to commoditization. Because this return depends on how consumers perceive and relate to the brand rather than on firm-centred financial metrics, it is best examined through the Customer-Based Brand Equity (CBBE) perspective, which locates brand value in consumers' perceptions, judgments, and relationships.

Against this background, the thesis investigates whether brand experience, elicited by physical brand events, influences consumers' willingness to pay a price premium for a brand in a low-involvement product category within a mature market, and through which CBBE mechanisms – specifically perceived uniqueness, brand trust, and brand loyalty – this relationship operates, while testing brand familiarity and price sensitivity as moderators. Using the Nespresso brand as study context, data from a hypothetical scenario-based online questionnaire of 100 respondents were analysed with PLS-SEM (SmartPLS 4) in a multiple parallel mediation framework.

The findings indicate that brand experience does not directly increase willingness to pay a price premium: its effect operates only indirectly, in a pattern of full (indirect-only) mediation. Perceived uniqueness is the most robust mediating pathway, together with brand loyalty, whereas brand trust, although significantly activated, does not act as a mediator. Neither brand familiarity nor price sensitivity is supported as a moderator; both instead emerged as direct antecedents. The study brings the brand experience, CBBE, and willingness to pay a price premium literatures together within a single model and contributes methodologically by showing that closed- and open-ended measures of the premium are related but not interchangeable.

Keywords: brand experience, brand loyalty, brand trust, customer-based brand equity, perceived uniqueness, physical brand events, willingness to pay a price premium

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Introduction

Contemporary markets are witnessing a fundamental shift in the way firms create and communicate value. Driven by the rise of the experience economy, consumers increasingly expect brands to engage them through meaningful, immersive, and memorable encounters rather than through functional product attributes alone (Pine & Gilmore, 1998). This shift is particularly consequential for firms operating in mature, competitive markets, where functional differentiation among brands has become progressively difficult to sustain and where traditional product-based communication strategies are no longer sufficient to justify premium positioning while escaping commoditization (Aaker, 1996b; Netemeyer et al., 2004). In this context, physical brand events have emerged as a strategic response: by delivering direct, immersive, and multisensory encounters, they allow firms to engage consumers through brand-related stimuli capable of evoking the sensory, affective, intellectual, and behavioural responses that constitute brand experience (Brakus et al., 2009), thereby creating opportunities for differentiation that go beyond what the product itself can communicate (Zarantonello & Schmitt, 2013).

Yet the strategic relevance of physical brand events ultimately depends on whether the brand experience they elicit translates into economically meaningful outcomes. Among these, willingness to pay a price premium represents one of the most concrete and interpretable indicators of customer-based brand value, capturing the extent to which consumers perceive a brand as sufficiently distinctive and valuable to justify paying more than they would for a competing alternative (Aaker, 1996b; Netemeyer et al., 2004). At first glance, the logic connecting physical brand events to willingness to pay a price premium may appear straightforward: if well-designed experiential touchpoints generate positive customers' responses - brand experience -, it might be expected these to translate directly into greater willingness to pay a price premium. However, this relationship is considerably more complex than it initially appears. The translation of experiential value into economic outcomes is not direct but depends on the consumer-side processes through which brand experience is perceived, interpreted, evaluated, and ultimately converted into brand value – a shift in perspective that moves from the event itself toward the mechanisms activated in consumers' minds. In contemporary markets, it is consumers – not managers – who ultimately determine whether a brand is perceived as unique,

trustworthy, worthy of loyalty, and deserving of a price premium payment (Aaker, 1996b; Keller, 2001). This shift of power toward the consumer side is precisely what makes a customer-based perspective indispensable for understanding how physical brand events may generate economically meaningful outcomes.

The present thesis, therefore, adopts the customer-based brand equity framework (Aaker, 1996b; Keller, 2001) as its primary theoretical lens, examining three mechanisms through which brand experience may progressively translate into willingness to pay a price premium. Perceived uniqueness represents the first mechanism, capturing how experiential encounters shape consumers' perceptions of the brand as distinctive and less substitutable within its competitive set (Netemeyer et al., 2004). Brand trust represents a second and more evaluative outcome, reflecting the confidence consumers develop in the brand's capacity to deliver on its promises as a result of direct and credibility-signaling encounters (Chaudhuri & Holbrook, 2001). Brand loyalty, as the last and most relational of the three mechanisms, captures the depth of attitudinal commitment, behavioural preference, and advocacy that may emerge when experiential encounters reinforce consumers' attachment to the brand (Oliver, 1999; Chaudhuri & Holbrook, 2001). These three mechanisms map onto successive layers of Keller's (2001) customer-based brand equity pyramid - perceived uniqueness onto brand meaning, brand trust onto consumer judgments, and brand loyalty onto brand resonance - reflecting a progression from brand differentiation to evaluative and ultimately relational outcomes. Whether and how strongly these mechanisms operate may additionally depend on boundary conditions: brand familiarity and price sensitivity are therefore examined as moderating variables that may condition the strength of selected relationships within the model (Alba & Hutchinson, 1987; Dawar & Lei, 2009).

The present study is built around the research question: to what extent does brand experience, delivered through physical brand events, influence consumers' willingness to pay a price premium for brands in low-involvement product categories within mature markets, and through which customer-based brand equity mechanisms – specifically perceived uniqueness, brand trust, and brand loyalty – does this relationship operate?

To answer this question, a multiple parallel mediation model with two moderating variables is developed and empirically tested using Partial Least Squares Structural

Equation Modelling (PLS-SEM) on a sample of 100 respondents exposed to a hypothetical Nespresso physical brand event. Nespresso represents a particularly suitable study context, given its status as a globally recognised, established premium brand operating in a low-involvement product category within a mature market, where the translation of experiential investments into economic outcomes raises questions that are both theoretically and managerially relevant. Specifically, the findings are relevant for researchers studying the consumer-based mechanisms through which brand experience, elicited by physical brand events, translates into economic outcomes. They are equally relevant for managers of premium-positioned brands competing in low-involvement product categories within mature markets, who seek to evaluate and justify the return on investment of physical brand event initiatives beyond immediate engagement metrics.

After this first introduction, the thesis is organised as follows. Chapter 1 reviews the relevant literature, collected through a systematic process, across four interconnected theoretical domains that provide the conceptual foundations of the study. It begins with the experience economy and its strategic implications for contemporary markets, before examining experiential marketing and brand experience. The chapter then focuses specifically on physical brand events as experiential touchpoints, discussing how they function as firm-controlled stimuli capable of eliciting brand experience responses, as well as their potential and their limitations in eliciting brand experience. It subsequently introduces the customer-based brand equity framework as the most appropriate theoretical lens for interpreting how brand experience, elicited by physical brand events, is translated into brand-related consumer value, and concludes by examining willingness to pay a price premium as the economically interpretable outcome through which such value may become visible.

Drawing on the theoretical foundations established in Chapter 1, Chapter 2 develops a set of empirically testable hypotheses through which brand experience, the three mediating constructs – perceived uniqueness, brand trust, and brand loyalty – and the two moderating variables – brand familiarity and price sensitivity – can explain the potential increase in customers' willingness to pay a price premium.

The methodological approach adopted to empirically test the proposed model is investigated in Chapter 3. Beginning by justifying the choice of a quantitative, scenario-based research design, it proceeds by explaining the selection of Nespresso as the study

context and the development of the brand experience stimulus – a simulated physical brand event scenario administered alongside an AI-generated visual representation of the experiential setting. The chapter follows by detailing the questionnaire structure, the measurement scales adopted from prior validated research, the data collection and sampling process, and the study of the demographic distribution and previous participation in physical brand events.

Using the data collected from the questionnaire, Chapter 4 relies on a two-stage PLS-SEM analysis, which assesses the measurement model followed by the structural model, including the evaluation of the multiple parallel mediation effects and the two moderating relationships. A dedicated section of the chapter is devoted to the comparison of the two operationalizations of willingness to pay a price premium, a closed-ended multi-item scale as opposed to a single-item open-ended monetary measure.

Proceeding with the discussions, Chapter 5 presents the empirical findings of Chapter 4 in relation to the theoretical framework developed in Chapters 1 and 2. Rather than restating the results, the chapter interprets the observed patterns in light of the existing literature, explaining why the supported mediating mechanisms are consistent with the theoretical expectations, why brand trust does not emerge as a significant mediator, and what the non-significant moderating effects reveal about the boundary conditions of the proposed model.

The concluding chapters move from empirical findings toward broader implications. Chapter 6 presents the theoretical contributions of the study, identifying three areas in which the findings advance and refine prior knowledge: the brand experience literature – and, to a lesser extent, the experiential marketing literature – the customer-based brand equity, willingness-to-pay research, and the methodological debate on the operationalization of willingness to pay as a construct. Chapter 7 translates the findings into actionable implications for managers of premium brands operating in low-involvement product categories within mature markets and aiming to command a price premium. These implications are organised around the two mechanisms that actually carry pricing power - perceived uniqueness and brand loyalty – and the treatment of brand trust as a necessary baseline rather than a pricing lever. Finally, Chapter 8 acknowledges the study's limitations and derives concrete directions for future research from each identified constraint.

1. Literature Review

The present chapter examines the theoretical foundations needed to understand whether physical brand events, through the brand experience responses they elicit, may generate customer-based brand value and, ultimately, increase consumers' willingness to pay a price premium. To this end, it first reviews the experience economy and the strategic relevance of experiences in contemporary markets. It then distinguishes experiential marketing from brand experience, before focusing on physical brand events, a form of event marketing, as experiential touchpoints. The chapter subsequently introduces customer-based brand equity as the most suitable theoretical lens for interpreting how brand experience, elicited by physical brand events, is translated into customer-based brand value, and finally considers willingness to pay a price premium as the economically interpretable outcome through which such value may become visible.

1.1 The Experience Economy

The growing relevance of experiences in contemporary markets has progressively attracted the attention of both scholars and practitioners. Already in the 1970s, Toffler (1970) referred to the rise of “experience industries” to describe sectors in which value increasingly depended on symbolic, staged, and time-based forms of consumption. This line of thought was reinforced by Holbrook and Hirschman (1982), who challenged purely utilitarian views of consumption by emphasizing its hedonic, symbolic, and experiential dimensions.

More recently, Pine and Gilmore (1998, 1999, 2013) argue that experiences are no longer confined to a single industry; rather, they cut across a wide range of sectors – such as entertainment, tourism, hospitality, events, retail, and leisure – and together constitute what is now defined as the experience economy. In this perspective, experiences may differ in their degree of naturalness, authenticity, originality, and scope, yet they share a common characteristic: they create value by engaging individuals in memorable and inherently personal encounters across different dimensions of time, space, and scope (Pine & Gilmore, 2013).

1.1.1 The Development of Experience Economy

Pine and Gilmore (1998) provide one of the most influential formulations of the experience economy by arguing that economic value has progressively moved from commodities to goods, from goods to services, and from services to experiences (Figure 1). This progression reframes economic development not in terms of technological change alone, but as the firms' progressive ability to charge for what was once free, self-produced, or embedded in another offering – shifting the basis of value creation from extraction and production toward staging and engaging (Pine & Gilmore, 1998, 1999).

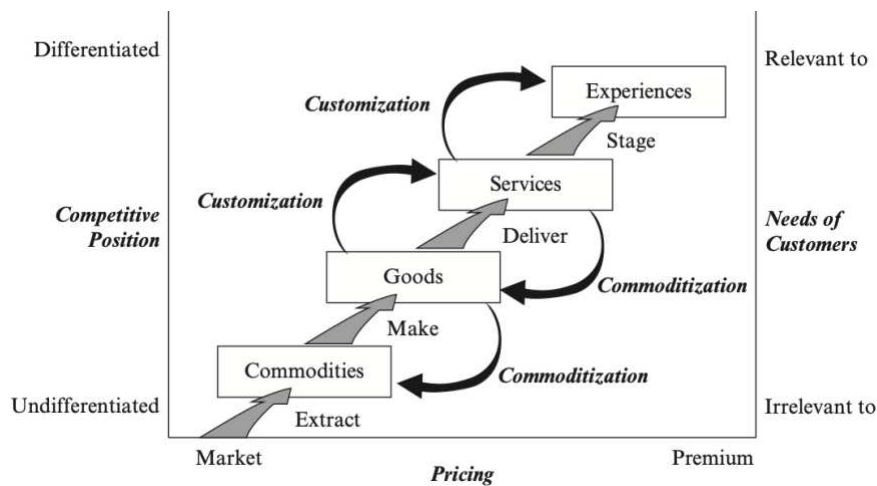


Figure 1. The progression of economic value. Source: Pine & Gilmore (2011)

The starting point of this progression was the agrarian economy, when most of the population lived and worked on farms and commodities constituted the dominant economic offering. Commodities can be defined as basic materials extracted from the natural world – such as agricultural, mineral, or animal resources – and are largely undifferentiated. Because they are fungible and interchangeable, they are typically purchased on the basis of price, which is mainly determined by supply and demand (Pine & Gilmore, 1998, 2011).

With industrialization, in the late nineteenth and early twentieth centuries, value creation shifted from commodities to goods, giving rise to the industrial economy. Goods are tangible products manufactured from commodities and stored in inventories for later sale. Unlike commodities, they can be differentiated through design, quality, and

functionality, so that competition no longer rests on price alone but also on the distinctive features a firm is able to build into its products (Pine & Gilmore, 1998, 2011).

As goods themselves became increasingly standardized and easy to imitate, value creation moved a further step, from goods toward services. During the second half of the twentieth century, services – intangible activities performed for the customer and valued for the convenience, efficiency, and assistance they provide in the delivery and use of goods – became the dominant offering in many advanced economies. This transition was accompanied by a structural shift in employment away from manufacturing and toward intangible forms of value creation, signalling that competitive advantage increasingly depended on what firms could do for customers rather than on the products alone (Pine & Gilmore, 1998).

As services in turn grew more alike, value creation has more recently moved from services to experiences. Although experiences have always existed, only recently have they been conceptualized as a distinct economic offering, valued by both consumers and firms, giving rise to the so called experience economy. Experiences are memorable events that engage individuals in an inherently personal way: unlike goods, they are intangible, perish in the very instant of their production, and cannot be inventoried; and unlike services, they are valued not only for the task they perform but for the memory, meaning, and personal significance they generate for the individual who lives through them. In the present economy, experiences account for a growing share of value creation and competitive differentiation, even when firms do not charge for them directly (Pine & Gilmore, 1998, 1999, 2011).

The transition from one economic stage to the next is closely linked to the process of commoditization, which occurs when differentiation erodes, margins shrink, and offerings are increasingly judged on the basis of price rather than value (Pine & Gilmore, 2011). This dynamic was first evident in the move from goods to services: as many goods gradually lost their distinctiveness and came to be compared primarily on price, firms began to wrap services around their core products – such as warranties, repairs, delivery, and assistance – in order to add value and resist price competition. Over time, some of these services acquired enough value to be offered and priced in their own right, giving rise to the service economy (Pine & Gilmore, 2011, 2013).

A similar process can now be observed in the shift from services to experiences. Digital transparency, real-time comparisons, and growing market maturity make both goods and services easier to compare, eroding their distinctiveness in turn. In response, firms increasingly enhance the economic value of their offerings by embedding memorable experiences around them – sometimes charging admission, subscriptions, or sometimes using the experience to support higher margins on the underlying goods and services commanding a price premium (Pine & Gilmore, 2011, 2013).

1.1.2 The Strategic Relevance of Experiences in Contemporary Markets

The experience economy emerged in a context marked by economic, technological, and consumer-behavioural shifts that profoundly altered contemporary markets (Pine & Gilmore, 1999; Schmitt, 1999). Pine and Gilmore (2013) argue that its diffusion was encouraged both by managers' growing willingness to rethink value creation and by mounting evidence that consumers increasingly value experiences alongside, and sometimes above, goods and services. Experiences thus became strategically relevant not simply because they were new, but because they offered firms an increasingly promising basis for differentiation in competitive environments (Pine & Gilmore, 2013).

Traditionally, brand and product differentiation relied primarily on functional performance, tangible attributes, and rational evaluations of superiority (Schmitt, 1999; Khan & Fatma, 2017). This view assumed that consumers compare alternatives on the basis of objective characteristics and choose the option that appears to deliver the highest utility following a relatively linear and rational decision process in which they recognise a need, search for information, evaluate alternatives, purchase, consume, and dispose of the product or service (Schmitt, 1999). In many contemporary markets, however, this logic has become less adequate for explaining actual consumer behaviour, as competing offerings increasingly share similar functional attributes and consumers struggle to identify meaningful differences among them (Pine & Gilmore, 1999; Brakus et al., 2008; Ding & Tseng, 2015)

Quality parity has become common in many markets, especially in low-involvement product categories, where products are purchased frequently, with little deliberation, and

often impulsively. In such contexts, competing offerings often share similar features and are perceived as comparable in overall quality, leading brands to cluster near what Hoch (2002) describes as a Pareto-optimal frontier, where no single alternative clearly dominates the others across all relevant attributes. Even when brands differ slightly on some features, escaping this frontier and achieving meaningful functional differentiation remains difficult (Hoch, 2002). Under these conditions, firms increasingly need alternative sources of differentiation, as competition extends beyond price to encompass consumers' limited time and attention (Pine & Gilmore, 2013). This challenge has been intensified by the declining effectiveness of traditional mass-media communication, whose revenues and relative impact have weakened over time in increasingly cluttered markets (Zarantonello & Schmitt, 2013). Consequently, managers have become more interested in alternative touchpoints capable of shaping perception and enhancing brand impact outside low-differentiation functional competition.

One response to this challenge has been to shift emphasis from functional attributes toward the experiential context in which consumers encounter brands (Schmitt, 1999). This reorientation is captured by two complementary perspectives: Jensen's (1999) notion of the 'Dream Society', in which stories, symbolism, and meaning become increasingly central to value creation, and Pine and Gilmore's 'work is theatre' metaphor, according to which every interaction can be designed as part of a broader experiential narrative that engages consumers beyond the product itself (Pine & Gilmore, 2011, 2013). From these perspectives, consumers are no longer viewed exclusively as rational decision makers interested only in functional features and benefits, but also as individuals seeking engaging, emotionally resonant, and personally meaningful encounters with brands (Chang & Chieng, 2006).

Brakus et al. (2008) refer to the non-functional cues used in such encounters as experiential attributes, including sensory cues – such as colours, shapes, and logos – and affective cues – such as mascots – capable of influencing how the brand is perceived and judged by customers. Although functional benefits remain necessary to prevent dissatisfaction and misinformation, experiential attributes add non-utilitarian value by generating impressions, feelings, and memorable responses that shape consumer judgment (Schmitt, 1999; Brakus et al., 2008).

Because experiential attributes are interpreted subjectively – being experiences inherently personal and existing only in the mind of the individual who lives through them – they may activate different forms of information processing (Pine & Gilmore, 1998). Specifically, Brakus et al. (2008) distinguish between a deliberate process – reason-based and requiring conscious cognitive effort – and a more fluent attribute process – driven by spontaneous affective reactions to a stimulus, often without explicitly identifying it as a distinct attribute. The type of processing activated depends on the diagnosticity of functional information and the judgment context: when the experiential context is coherent with consumers' prior knowledge and expectations, positive evaluations are more likely; when it conflicts with them, it may generate a sense of psychological discomfort. For this reason, successful experiences are generally more likely when they remain consistent with consumers' prior knowledge or status-quo expectations (Hoch, 2002; Brakus et al., 2008). This distinction, therefore, helps explain why experiences can influence judgments even when consumers are not consciously comparing alternatives on a strictly rational basis.

1.1.3 Characteristics of Experiences

At the core of Pine and Gilmore's (1998) framework lies the idea that an experience occurs when a company intentionally uses services as the stage and goods as props to engage customers in a memorable event (Pine & Gilmore, 1998). Unlike purely functional offerings, experiences are inherently personal: they take shape in the interaction between a staged environment and the individual who lives through it. Their value therefore depends not only on what is delivered, but also on how the encounter is perceived, interpreted, evaluated and remembered by the customer (Pine & Gilmore, 1998, 1999).

Because experiences derive their value from engagement and memorability, their design becomes a central managerial issue. Pine and Gilmore (1998, 1999, 2011) identify five broad principles that help firms stage effective encounters: theming the experience, harmonizing impressions with positive cues, eliminating negative cues, mixing in memorabilia, and engaging all five senses. These principles do not guarantee success, but they underline that effective experiences are not accidental; rather, they require coherence between design, delivery, and meaning.

A further characteristic that makes experiences strategically important concerns how consumers learn from them. Unlike passive exposure to advertising, learning through experience is often instrumental in nature, driven by individuals' self-identified goals, needs, and motives, and therefore more likely to be perceived as personally relevant and involving (Hoch, 2002; Schmitt, 2012). In the same vein, the organisation of marketing and delivery processes around a clear goal and an appropriate judgment context increases the likelihood that an experience will be interpreted positively and remembered over time (Hoch, 2002; Pine & Gilmore, 2011). In line with this argument, Huffman and Houston (1993) show that consumer memory improves when information learned through experience is organised around a goal.

Experiences therefore do not simply entertain consumers; they also shape attention, involvement, and memory in ways that can make brand-related information more meaningful and enduring in customers' minds (Huffman & Houston, 1993; Hoch, 2002). Relatedly, repeated experience may also contribute to the accumulation of familiarity and expertise, as consumers progressively build knowledge structures through successive product-related encounters over time (Alba & Hutchinson, 1987).

Beyond their capacity to shape attention, involvement, memory and build familiarity, experiences also differ from traditional communication in terms of perceived credibility. The information they deliver is often perceived as less overtly partisan than firm-generated claims (Hoch, 2002), and experiential encounters may appear more authentic and less obviously persuasive than traditional advertising, which can increase the credibility consumers assign to them (Pine & Gilmore, 2013). This perceived authenticity matters especially in markets where overt promotional messages are more easily discounted and where firms seek differentiation through more credible and involving encounters (Hoch, 2002; Pine & Gilmore, 2013). Relatedly, consumers often perceive what they learn through experience as more compelling than information conveyed through formal or abstract communication, even when the experience is not necessarily more diagnostic. Applied to the branding context, this suggests that experiential encounters may influence consumer perceptions and responses in ways that purely informational communication struggles to achieve, precisely because they are lived, interpreted, and remembered rather than merely observed (Hoch, 2002; Brakus et al., 2009).

To explain how experiences are staged and perceived, Pine and Gilmore (1998) propose two underlying dimensions: participation and connection. Participation captures the degree to which consumers are active – playing a key role – or passive in shaping the experience (Pine & Gilmore, 1998). Connection captures the degree of psychological and environmental involvement and ranges from absorption, in which the experience occupies a person's attention from a distance, to immersion, in which the individual becomes physically or virtually part of the experience (Pine & Gilmore, 1998).

As illustrated in Figure 2, the intersection of these two dimensions gives rise to four experience realms – entertainment, educational, escapist, and esthetic – in which consumers participate in and derive value from an experience. These realms, however, should not be interpreted as rigid categories; experiences may vary in intensity and often combine elements of more than one realm at the same time (Pine & Gilmore, 1998, 2011).

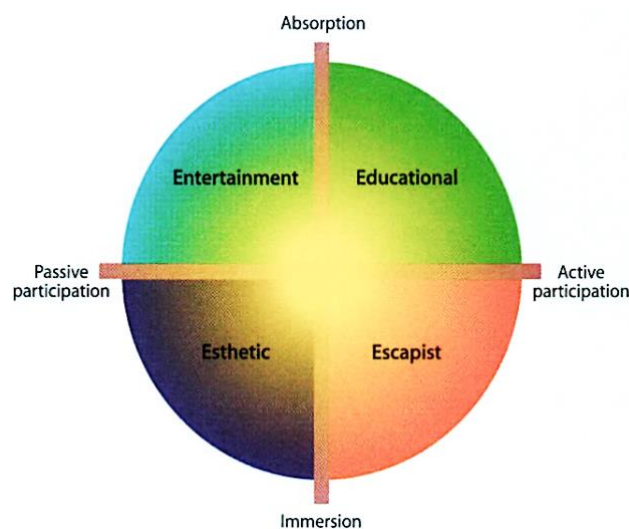


Figure 2. The four realms of experiences. Source: Pine & Gilmore (1998)

Entertainment experiences are the most familiar realm in everyday consumption. They typically involve passive participation and absorption, as consumers mainly observe, enjoy, and emotionally absorb what is being staged. In the context of brand-created experiences, a fashion show or runway event organised by a luxury brand represents a clear example: the audience is primarily there to watch, enjoy, and be stimulated by the spectacle created through music, performance, styling, and atmosphere (Pine & Gilmore, 1998, 2011).

Educational experiences, by contrast, require active participation, yet the consumer remains primarily in a position of absorption rather than full immersion – engaging with the content from a degree of distance rather than being physically or virtually surrounded by it. A branded masterclass – such as a coffee tasting or a skincare workshop – illustrates this realm well. In these settings, consumers actively participate in learning about the product, its features, and the brand’s expertise; the value of the encounter lies not only in enjoyment, but also in guided discovery, knowledge acquisition, and skill development (Pine & Gilmore, 1998, 2011).

Escapist experiences combine active participation with immersion where consumers do not simply observe the brand; they become part of a temporary branded world. An immersive pop-up, for example, allows participants to enter a fully branded environment and actively engage with the brand in ways that depart from ordinary daily routines. This makes escapist experiences especially powerful when brands seek deep involvement and memorable participation (Pine & Gilmore, 1998, 2011).

Esthetic experiences are characterised by immersive but passive participation; consumers do not substantially alter the experience itself, yet they are fully surrounded by the environment. Flagship stores, branded showrooms, or concept spaces exemplify this realm well, because their value lies in being immersed in a carefully designed setting whose atmosphere, sensory coherence, and visual language communicate brand meaning in a direct but non-intrusive way (Pine & Gilmore, 1998, 2011).

Experiences may also combine all four realms, generating what Pine and Gilmore (1998) describe as the “sweet spot”. An experiential flagship, for instance, may entertain through live performance, educate through guided explanation, immerse through active participation, and provide an esthetic environment worthy of contemplation. Such combinations are especially valuable because they deepen memorability and broaden the range of meanings consumers derive from the encounter (Pine & Gilmore, 1998, 2011).

Understanding how experiences are designed and perceived across these realms has important implications for how firms and consumers think about brand-related touchpoints more broadly. As the experience economy unfolds, brand marketers are increasingly expected to stage holistic experiences across multiple points of contact rather than at isolated moments of purchase (Pine & Gilmore, 1999; Schmitt, 1999). For this reason, the strategic role of experiences extends across multiple brand-related

touchpoints, from initial exposure to post-consumption recollection and interpretation, since brand experiences may emerge at different stages of consumers' encounters with the brand (Brakus et al., 2009; Lemon & Verhoef, 2016).

Specifically, pre-consumption experiences – usually labelled product experiences – occur when individuals look for information about a product or evaluate it in either a direct, physical context, or an indirect encounter (Hoch, 2002). In direct settings, consumers may interact with the store environment, sales personnel, policies, and practices; in indirect encounters, this interaction occurs through digital or mediated channels (Hoch, 2002). When these interactions culminate in purchase, they may evolve into shopping experiences (Brakus et al., 2009). Experiences then continue during product use and consumption – referred to as “consumption experiences” – and even after consumption, as consumers remember, interpret, and evaluate what they have lived through, extending the possibility of brand-related information processing beyond the experience itself (Holbrook & Hirschman, 1982; Huffman & Houston, 1993; Lemon & Verhoef, 2016; Chaney et al., 2018).

Across these different stages of the consumer journey, marketers increasingly focus not only on functional product characteristics but also on affective and sensory experiential attributes surrounding the brand (Lemon & Verhoef, 2016). This broader view helps explain why experiences have become central in contemporary marketing: they influence not only the act of purchase, but also the ways in which consumers perceive, interpret, remember, and attach meaning to the brand over time (Holbrook & Hirschman, 1982; Brakus et al., 2009).

1.1.4 Limits and Critiques of Experiences

Although the experience economy has created important opportunities for differentiation in increasingly saturated and commoditized markets, it should not be interpreted uncritically. Experiential value ultimately depends on consumers' willingness to invest their scarce time, attention, and money – resources that are finite and increasingly contested – which means that even well-designed experiences are not guaranteed to generate meaningful returns (Hoch, 2002; Pine & Gilmore, 2013).

A first limitation concerns the risk of treating experience as a managerial fashion. Because experiences are associated with creativity, novelty, and immersion, firms may adopt them as a trendy communication solution without clearly understanding the mechanisms through which they create value, thereby privileging spectacle over strategic coherence and generating short-lived attention rather than meaningful consumer engagement (Wood, 2009; Zarantonello & Schmitt, 2013).

Hoch (2002) adds a second important critique by arguing that experience is inherently ambiguous if not carefully managed. Ambiguity may refer either to vagueness and lack of clarity or to openness to multiple interpretations. In the first case, the experience risks becoming mere noise, from which consumers learn very little. In the second case, the same experience may be interpreted differently by various consumers, making its effects less predictable and less controllable for marketers. Consequently, even when firms are able to design engaging and immersive encounters, they cannot fully control how these experiences will be understood. The subjective interpretation of experiential cues introduces uncertainty in the expected outcomes and helps explain why the persuasive power of experiences does not necessarily translate into accurate learning, stable preferences, or measurable economic value (Boulding et al., 1999; Hoch, 2002). Furthermore, in the presence of high levels of ambiguity, consumers may react negatively, reinforce existing preferences toward other brands, and become less receptive to subsequent information (Boulding et al., 1999; Hoch, 2002).

In practice, ambiguity and subjectivity also make it difficult to assess the effectiveness – and, by implication, the return on investment – of experiential initiatives, since firms may struggle to distinguish truly effective experiences – producing long-term changes in perception or behaviour – from those that merely generate temporary engagement or emotional arousal (Wood, 2009; Pine & Gilmore, 2013). This difficulty is compounded by the inherently multisensory, personal, and variable nature of experiences, which makes them resistant to standardization and consistent evaluation across consumers (Pine & Gilmore, 2013). As a result, even when firms invest in experiential strategies expecting lasting competitive advantages, the actual impact on consumer outcomes may prove difficult to measure and sustain over time (Wood, 2009; Pine & Gilmore, 2013).

Taken together, these critiques suggest that experiences should not be viewed as automatically effective marketing tools. The risk of managerial fashion, the inherent ambiguity of experiential cues, the difficulty of controlling subjective interpretation, and the challenge of translating momentary engagement into durable consumer outcomes all point to the need for a more precise understanding of the mechanisms through which experiences generate value (Hoch, 2002; Brakus et al., 2009; Wood, 2009; Zarantonello & Schmitt, 2013). This observation motivates the shift from the broad notion of experience economy to the more specific construct of experiential marketing and, ultimately, to the concept of brand experience – through which the present study examines how firm-designed experiential encounters may translate into measurable consumer-based outcomes.

1.2 Experiential Marketing and Brand Experience

With the rise of the experience economy, attention has shifted from what brands offer to how brand-related stimuli are delivered and interpreted by consumers. In this perspective, consumers are no longer viewed only as rational decision makers, but also as individuals seeking pleasurable, engaging, and personally meaningful experiences that go beyond functional attributes (Schmitt, 1999; Khan & Fatma, 2017). The stimuli that elicit such experiences rest on experiential attributes – brand-identifying colours, shapes, typefaces, design elements, slogans, mascots, and characters – and reach consumers through multiple touchpoints across the journey, from marketing communications and packaging to retail environments, websites, and events (Brakus et al., 2008, 2009; Lemon & Verhoef, 2016)

Within this broader logic, the experiences brands create can be read from two complementary sides. On the firm side, experiences are deliberately designed as a strategic approach – experiential marketing – through which touchpoints and stimuli are orchestrated around a product or brand. On the consumer side, individuals are exposed to these firm-created stimuli responding to them subjectively, and it is precisely what the construct of brand experience is meant to capture (Schmitt, 1999; Brakus et al., 2009). This distinction becomes clearer when the experience is situated within a broader consumer-psychology perspective: whereas experiential marketing refers to the

managerial design of experience-based interactions, brand experience captures the consumer's experiencing process - through which brand-related stimuli are sensed, felt, evaluated, and responded to behaviourally - and from which broader brand meanings are subsequently formed and interpreted (Chang & Chieng, 2006; Brakus et al., 2009; Schmitt, 2012).

1.2.1 Defining Experiential Marketing

Experiential marketing can be understood as a strategic approach that goes beyond the communication of purely utilitarian product attributes and traditional "features-and-benefits" marketing (Schmitt, 1999). Rather than focusing exclusively on pre-purchase information, product characteristics, and functional consumption benefits, it seeks to create interactions that are memorable, engaging, and personally meaningful, involving the individual at multiple levels (Schmitt, 1999; Gentile et al., 2007; Ding & Tseng, 2015). This view is reinforced by the customer experience literature, which emphasises that consumer value emerges not only through the transaction itself, but through the entirety of interactions between the customer and the company across multiple contact points (Gentile et al., 2007). Schmitt's (2011) later review supports this broader understanding, conceiving experiential marketing as a customer-focused activity that builds a connection with customers, evoked by products, packaging, communications, in-store interactions, sales relationships, and events across both online and offline contexts

According to Schmitt (1999), the shift toward experiential marketing is linked to major developments in the business environment. In particular, the spread of information technologies, the growing ubiquity of brands, and the increasing saturation of traditional communication have made one-way promotional logic less effective. Customers feel that traditional advertisements are becoming too invasive and actively avoid or ignore them, reducing their effectiveness (Keller, 2009). As a result, to be successful in the new millennium, firms have progressively moved toward more interactive, participatory, and context-rich forms of engagement, in which consumers are regarded not only as rational problem solvers but also as emotional decision makers seeking pleasurable and meaningful experiences derived from direct and personal encounters with brands (Schmitt, 1999).

In Schmitt's (1999) formulation, experiential marketing concerns the strategic design of experiential stimuli intended to shape consumers' responses to a product, service, or brand. To organise these stimuli, Schmitt (1999) identifies five strategic experiential modules: sense, feel, think, act, and relate. The sense module refers to sensory experiences based on aesthetics and stimulation through sight, sound, touch, taste, and smell; feel concerns affective experiences that engage consumers' inner emotions; think targets cognitive experiences involving both analytical and imaginative thought through surprise, intrigue, and provocation; act addresses behavioural and lifestyle experiences grounded in physical interaction; and relate captures social-identity experiences that appeal to other people or cultures beyond the private sphere. These modules are not self-contained; rather, they are expected to interact and reinforce one another.

While the five modules define the types of experiential responses firms seek to elicit, their delivery requires the orchestration of concrete instruments, which Schmitt (1999) calls experience providers (ExPros): communications, visual and verbal identity, product presence, co-branding, spatial environments, electronic media, and people. Experiential marketing therefore does not rely on a single isolated stimulus, but on the coherent and consistent orchestration of multiple touchpoints, so that the brand is encountered as an integrated and meaningful experience rather than a set of disconnected messages (Schmitt, 1999; Gentile et al., 2007).

1.2.2 Defining Brand Experience

The experiential stimuli delivered through experiential marketing strategies constitute a primary source through which consumers build brand experience, broadly defined as consumers' perceptions and responses arising from encounters with a brand, its products, and its related stimuli (Ramaseshan & Stein, 2014; Ding & Tseng, 2015). More precisely, while experiential marketing strategies operate on the firm side by creating experiential touchpoints, brand experience captures the consumer side – that is, the subjective interpretation of brand-related stimuli (Schmitt, 1999).

Among the various conceptualizations proposed in the literature, Brakus et al. (2009) offer the most influential formulation, defining brand experience as 'subjective,

internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments'. By anchoring brand experience simultaneously to firm-created stimuli and to consumer-side responses, this definition provides a theoretically precise and empirically operationalizable foundation for the present study.

Building on this definition, Brakus et al. (2009) conceptualize brand experience through four dimensions: sensory, affective, intellectual, and behavioural. Sensory experiences appeal to consumers' five senses and rely on visual, auditory, tactile, gustatory, and olfactory cues. Because they engage perception directly, sensory experiences are especially relevant for the memorability and vividness of brand encounters and may also contribute more broadly to cognitive, emotional, and behavioural consumer responses, with subsequent implications for brand equity (Brakus et al., 2009; Hepola et al., 2017). Affective brand experience involves moods, sentiments, and emotions evoked by the brand that act on the consumer's emotional sphere, potentially contributing to stronger feelings of connection, identity, and belonging in relation to the brand (Brakus et al., 2009; Gao & Shen, 2024). Intellectual brand experience stimulates consumers' thinking processes through both convergent and divergent forms of reflection, involving a more explicit mental elaboration of brand-related stimuli compared with affective responses (Brakus et al., 2008, 2009). Lastly, behavioural experiences appeal to bodily actions, physical participation, lifestyles, and interactions, with the potential to influence both actual behaviour and future behavioural intentions (Brakus, 2009).

While Brakus et al. (2009) limit their framework to these four dimensions, some later studies have proposed a fifth, social dimension based on brand connection and affinity cues, capturing consumers' needs for actualization and self-esteem (Ding & Tseng, 2015). This extension allows a direct comparison between Brakus et al.'s (2009) framework and Schmitt's (1999) strategic experiential modules, since sensory experiences can be linked to sense, affective experiences to feel, intellectual experiences to think, behavioural experiences to act, and social experiences to the relate dimension. At the same time, later conceptual work has observed that brand experience research has remained heavily anchored to Brakus et al.'s (2009) original formulation and has therefore

called for a broader understanding of the construct as a multi-level and socially constructed phenomenon, encompassing not only psychological responses but also relational, social, and cultural dynamics (Andreini et al., 2018). While this extension may be theoretically relevant, the four-dimensional framework developed by Brakus et al. (2009) remains the dominant approach in the literature and offers the clearest basis for the present chapter.

As a consumer-side construct, brand experience shares many of the characteristics identified for experiences more broadly in the experience economy literature – including subjectivity, variability, and memorability – but applies them specifically to the context of brand-related encounters as perceived, interpreted and evaluated by consumers (Pine & Gilmore, 1999; Brakus et al., 2009). Accordingly, the same brand-related encounter may be perceived as highly positive, ordinary, or even negative depending on the individual involved, and may produce effects that range from immediate but fleeting excitement to durable changes in sensations, feelings, cognitions, and behaviour (Brakus et al., 2009; Ramaseshan & Stein, 2014). Experiences that engage consumers across multiple response dimensions – sensory, affective, intellectual, and behavioural – therefore tend to produce richer memory traces, stored not only as abstract brand knowledge but also as episodic traces that preserve the sensations and emotions associated with the encounter (Schmitt, 2011; Zarantonello & Schmitt, 2013). The self-selected and self-generated nature of brand experience may further strengthen these memory advantages, making brand encounters more vivid, personally relevant, and persistent in consumers' minds (Zarantonello & Schmitt, 2013).

Beyond its subjective nature and capacity to generate lasting memory traces, a further defining characteristic of brand experience concerns the way in which it differs from other brand-related constructs. Unlike brand attitude, which refers to a consumer's general evaluative tendency toward a brand, brand experience does not denote a general judgment of liking or disliking (Schmitt, 2012). Rather, it refers to specific sensory, affective, intellectual, and behavioural responses evoked by brand-related stimuli in the consumer's mind (Brakus et al., 2009; Schmitt, 2011; Zarantonello & Schmitt, 2013).

This response-based nature of brand experience also implies that it may manifest at both individual and shared levels: although experiences are first lived at the individual

level, they may unfold in social contexts in which multiple consumers participate in the same encounter and collectively respond to it (Schmitt, 1999). In this respect, experiential responses may extend beyond the private sphere and become socially visible, especially when the experience involves participation, co-presence, or interaction with others (Schmitt, 1999, 2012). Accordingly, individual experiences may influence shared experiences, and shared experiences may in turn shape the meanings that consumers attach to the brand over time (Schmitt, 1999; Andreini et al., 2018).

Taken together, these characteristics suggest that brand experience is situational, response-based, and context-dependent: it emerges during a specific branded encounter and unfolds through sensations, feelings, cognitions, and individual or shared behavioural responses that may subsequently be stored in memory and influence later actions and brand-related evaluations (Schmitt, 1999; Brakus et al., 2009; Zarantonello & Schmitt, 2013).

1.2.3 Brand Experience as a Source of Differentiation

In mature markets, especially those characterised by low-involvement products, differentiation is particularly difficult to achieve: competing offerings often share similar functional attributes and consumers devote limited cognitive effort to the selection process (Brakus et al., 2008; Iglesias et al., 2011). In such contexts, brand experience can become an important source of competitive differentiation, enabling brands to create value beyond utilitarian performance alone (Pine & Gilmore, 2013). Through the sensory, affective, intellectual, and behavioural responses they elicit, brand experience generates what Zarantonello and Schmitt (2013) call experiential value, increasing the perceived value of a brand relative to competing alternatives.

In this perspective, the differentiating potential of brand experience also derives from the way consumers process experiential cues. Unlike purely functional product information, brand-related experiential stimuli are not always evaluated through deliberate comparison alone; rather, consumers may respond to them more immediately, personally, and affectively, allowing brand meaning to be formed through lived responses as well as through conscious evaluation (Brakus et al., 2008, 2009). This is consistent with

the broader research on experience economy, which finds that lived encounters tend to be perceived as more vivid, personally involving, and memorable than purely abstract information (Schmitt, 1999; Hoch, 2002). For brands, this means that experiential encounters can shape perceptions in ways that purely informational communication struggles to achieve, supporting differentiation not by communicating information but by shaping how the brand is sensed, felt, thought about, and responded to behaviourally, and thereby increasing the likelihood that consumers will perceive it as unique and non-substitutable relative to competing alternatives (Netemeyer et al., 2004; Brakus et al., 2009; Zarantonello & Schmitt, 2013).

Beyond reinforcing perceived uniqueness, brand experience can also differentiate the brand through more relational outcomes. As competition intensifies and consumers become better informed and more inclined to switch among the wide range of available brands, differentiation can no longer rest on functional superiority alone (Ramaseshan & Stein, 2014). This pressure is sharpened in mature and commoditized markets by digital technologies, which reduce search time and costs while heightening the salience of comparison, making product features an increasingly unstable basis of preference and weakening brand loyalty (Pine & Gilmore, 2013; Zarantonello & Schmitt, 2013; Ramaseshan & Stein, 2014). Under these conditions, differentiation depends instead on the brand's capacity to create distinctive and memorable experiences that, by remaining meaningful across repeated encounters, foster brand trust and loyalty (Chang & Chieng, 2006; Iglesias et al., 2011; Ramaseshan & Stein, 2014).

Taken together, these arguments suggest that experiential differentiation becomes strategically meaningful only when it is translated into specific consumer-based responses: a sharper perception of brand uniqueness as well as the trust and loyalty that sustain the relationship over time (Chang & Chieng, 2006; Iglesias et al., 2011; Ramaseshan & Stein, 2014). Through these responses, brand experience reduces perceived substitutability and attaches richer, harder-to-imitate associations to the brand, helping it stand out when functional differences are no longer salient (Hoch, 2002; Netemeyer et al., 2004; Brakus et al., 2009; Zarantonello & Schmitt, 2013).

This potential is, however, neither automatic nor unconditional. As discussed in Section 1.1.4, the risk of managerial fashion, the inherent ambiguity of experiential cues, the difficulty of controlling subjective interpretation, and the challenge of translating momentary engagement into durable consumer outcomes all suggest that brand experience should not be idealized as an automatically effective differentiation mechanism. Consequently, not every brand experience produces stable or favourable outcomes (Huffman & Houston, 1993; Chang & Chieng, 2006; Brakus et al., 2009). Nonetheless, when brand experiences are coherent, vivid, and meaningful, they can provide brands with a powerful basis for differentiation, building both the distinctive brand meaning and the relational attachment that competitors cannot easily replicate through functional attributes alone (Brakus et al., 2009; Iglesias et al., 2011; Zarantonello & Schmitt, 2013).

1.3 Physical Brand Events as Experiential Touchpoints

Among the various touchpoints through which brand experience can be elicited, physical brand events – a form of event marketing – have gained increasing relevance as a deliberate and immersive experiential marketing strategy (Zarantonello & Schmitt, 2013). In this context, physical brand events represent the firm-controlled stimulus – a deliberately designed occasion through which the brand stages a direct encounter with consumers – while brand experience captures the consumer-side response, that is, the subjective, internal, and behavioural reactions elicited by that encounter (Brakus et al., 2009; Zarantonello & Schmitt, 2013).

1.3.1 From Event Marketing to Physical Brand Events

Event marketing can be broadly understood as a set of activities or performances deliberately planned by a firm for branding purposes and evaluated against predefined objectives (Karpinska-Krakowiak, 2015). More formally, it has been defined as “the practice of promoting the interests of an organisation and its brands by associating the organisation with a specific activity” (Shimp, 1993). Within event marketing, events may be proprietary – created and owned by the firm itself – or sponsored, in which the firm supports a third-party initiative in exchange for visibility and brand association

(Karpinska-Krakowiak, 2015). Therefore, physical events extend well beyond sponsorship – as it was commonly thought – encompassing a much broader range of formats, including incentive and rewards events, product launches, open days, product sampling, road shows, press conferences, exhibitions, corporate entertainment, charity fundraisers, and product visitor attractions (Wood, 2009). This strategic flexibility reflects their capacity to operate as experiential touchpoints within broader experiential marketing strategies, adapting to different brand objectives, target audiences, and communication contexts. In this sense, physical events are not merely promotional occasions but branded settings through which consumers encounter the brand more directly, participatively, and experientially eliciting positive sensory, affective, intellectual and behavioral responses (Brakus et al., 2009; Wood, 2009; Zarantonello & Schmitt, 2013).

The growing relevance of experiential events may be linked to several converging factors: the overuse and declining distinctiveness of traditional media, compounded by consumers' increasing scepticism toward conventional advertising, the need for firms to differentiate themselves from competitors, consumers' increasing search for novelty and added value, and the managerial need to build stronger emotional connections around brands that are often only weakly differentiated at a functional level (Wood, 2009; Karpinska-Krakowiak, 2015). Unlike traditional mass media, where communication is largely one-directional and consumers remain relatively passive, event marketing enables direct and interactive two-way communication. Through local and in-person encounters, consumers can experience the brand immediately and often multi-sensorially, making these contexts particularly suitable for the elicitation of memorable brand experiences (Zarantonello & Schmitt, 2013).

A key advantage of experiential events lies in the emotional setting in which the brand message is delivered: rather than functioning merely as a communication vehicle, the event may temporarily embody the brand itself, representing its values in a physical and interactive form (Wood, 2009). This capacity has also encouraged more unconventional events – such as street events and pop-up shops – which rely on surprise, creativity, and temporary immersion to generate stronger experiential value in cluttered communication environments (Zarantonello & Schmitt, 2013). Therefore, what unites these diverse formats of physical events – from traditional to unconventional – is their

shared capacity to stage the brand as a lived encounter rather than a communicated message. Consistent with Pine and Gilmore's (1999) theatrical metaphor, event marketing has often been described as a form of theatre in which the brand appears on a stage and consumers become active participants rather than passive receivers. This highlights what distinguishes physical events from other touchpoints: they are immersive, time-bound, and spatially situated encounters, often staged in extraordinary settings that suspend everyday routines and heighten attention and involvement, in which the brand can be lived rather than simply observed (Wood, 2009; Schmitt, 2011; Zarantonello & Schmitt, 2013). Such initiatives may also stimulate word-of-mouth, media visibility, and social sharing, extending the reach of the physical experience beyond the event itself (Wood, 2009).

The effectiveness of physical events, however, depends less on the event itself than on the brand experience it elicits in consumers (Zarantonello & Schmitt, 2013). A physical brand event acquires its strategic specificity within event marketing not from scale or visibility, but from its capacity to operate as a firm-controlled stimulus coherent, immersive, and memorable enough to evoke genuine sensory, affective, intellectual, and behavioural responses.

1.3.2 The Experiential Potential of Physical Events

Physical brand events are deliberately designed to stage immersive, multi-sensory encounters between the brand and the consumer, with the explicit objective of eliciting rich brand experience responses – sensory, affective, intellectual, and behavioural – through direct and interactive engagement (Brakus et al., 2009; Wood, 2009; Zarantonello & Schmitt, 2013). Their experiential potential lies precisely in their capacity to create richer and more vivid encounters than those usually generated by mediated communication alone, which is why they may be regarded as prime experiential touchpoints (Pine & Gilmore, 1999; Zarantonello & Schmitt, 2013). By concentrating attention, visibility, and experiential intensity within a single occasion, they can move beyond simple exposure and become personally involving, immersive, and emotionally memorable for participants, generating a more intense experiential response than ordinary communication touchpoints and strengthening consumers' predisposition

toward brand loyalty (Brakus et al., 2009; Wood, 2009; Zarantonello & Schmitt, 2013; Ramaseshan & Stein, 2014).

Physical events may also foster social interaction and a sense of community among participants, thereby extending their impact beyond the individual encounter (Schmitt, 1999; Karpinska-Krakowiak, 2015). Through co-presence, participation, and interaction with other consumers and company representatives, events can transform brand experience into a shared and socially visible phenomenon (Karpinska-Krakowiak, 2015). At the same time, events enable firms to concentrate attention, visibility, and experiential intensity within a single occasion, which makes them particularly valuable when the objective is not merely exposure, but deeper experiential engagement with the brand (Zarantonello & Schmitt, 2013).

In this respect, prior research suggests that physical events are more effective when they are deliberately designed to activate the four dimensions of brand experience (Brakus et al., 2009; Zarantonello & Schmitt, 2013). Brakus et al.'s (2009) framework is therefore useful not only for understanding the experiential potential of brand events, but also for evaluating their effects from the consumer's perspective: the more successfully an event orchestrates its stimuli to elicit coherent and memorable brand experience responses, the more likely it is to reinforce brand meaning and generate favourable consumer responses and associations (Wood, 2009; Zarantonello & Schmitt, 2013). When these conditions are met, physical brand events may generate consumer-based outcomes that extend beyond immediate engagement, with potential implications for brand uniqueness perceptions, brand trust, and brand loyalty (Netemeyer et al., 2004; Brakus et al., 2009; Zarantonello & Schmitt, 2013; Ramaseshan & Stein, 2014).

1.3.3 Challenges and Risks of Physical Brand Events in Eliciting Brand Experience

Event marketing, through physical brand events, can help firms pursue a variety of corporate, media, and managerial objectives, including target reach, brand positioning, visibility, publicity, and support for broader communication campaigns (Zarantonello & Schmitt, 2013). Yet event-based experiential strategies also involve important challenges

and risks, which reflect the broader limitations already discussed in relation to experiences and brand experiences more generally.

First, their effects may be temporary if the experience is not sufficiently coherent, distinctive, or relevant to consumers (Zarantonello & Schmitt, 2013). Second, the high level of immersion associated with physical events does not automatically guarantee positive brand outcomes, since participants may interpret the same event differently or may fail to connect it clearly to the brand's value proposition (Pine & Gilmore, 1999; Hoch, 2002). Third, as with brand experience more generally, the effects of physical events are not uniform across consumers (Brakus et al., 2009; Zarantonello & Schmitt, 2013). The same event may be perceived as highly memorable by some participants and as relatively ordinary by others; this variability is consistent with the literature on brand experience, which emphasises differences in strength, intensity, and valence across consumers (Pine & Gilmore, 1999; Brakus et al., 2009).

Moreover, event marketing can be organisationally demanding and difficult to evaluate in terms of effectiveness and return on investment (Wood, 2009). This difficulty stems from multiple sources: physical events typically pursue a multiplicity of objectives, making it hard to isolate the contribution of each (Wood, 2009); their outcomes are shaped by individual emotional responses, prior expectations, and the influence of surrounding marketing communications (Hoch, 2002; Zarantonello & Schmitt, 2013); and the temporary and exceptional nature of events themselves makes systematic measurement particularly challenging (Wood, 2009; Zarantonello & Schmitt, 2013).

A further risk concerns commoditization. Despite their immersive and exceptional nature, physical brand events may lose their differentiating power if they become formulaic, predictable, or disconnected from a clear brand narrative (Pine & Gilmore, 1999; Zarantonello & Schmitt, 2013). Applied to event marketing, this implies that physical brand events should not be designed merely as branded occasions, but as carefully structured experiences intended to generate specific consumer responses (Pine & Gilmore, 1999; Wood, 2009; Zarantonello & Schmitt, 2013). At the same time, their occasional and non-continuous nature may make their effects easier to isolate than those of more routine communication activities, since firms can compare periods in which experiential events are present with periods in which they are absent (Pine & Gilmore, 1999; Wood, 2009). For this reason, although physical events can contribute to brand-

equity building, their effectiveness ultimately depends on the extent to which they create meaningful consumer responses rather than short-lived attention (Wood, 2009; Zarantonello & Schmitt, 2013).

Understanding when and how physical brand events generate meaningful and durable consumer responses therefore requires a theoretical framework capable of capturing the consumer-side mechanisms through which experiential value is converted into brand-related outcomes – a need that the customer-based brand equity perspective is particularly well positioned to address.

1.4 Customer-Based Brand Equity

Physical brand events, as deliberate experiential touchpoints, are designed to elicit brand experience responses that go beyond immediate engagement and may generate lasting consumer-based outcomes (Brakus et al., 2009; Zarantonello & Schmitt, 2013). Yet their effectiveness is neither automatic nor uniform: it depends on the extent to which the brand experience responses they elicit are coherent, meaningful, and capable of translating into durable brand-related evaluations in consumers' minds (Hoch, 2002; Wood, 2009; Zarantonello & Schmitt, 2013). The customer-based brand equity (CBBE) perspective provides the lens for examining this translation, conceptualizing brand value not as a firm-side asset but as the differential effect that brand knowledge – built through consumers' responses to brand stimuli – has on how they perceive, evaluate, and respond to the brand (Aaker, 1996b; Keller, 2001).

1.4.1 Brand Equity

Brand equity has long been regarded by both scholars and practitioners as one of the most important intangible assets a firm must manage successfully. In broad terms, Aaker (1991) defines brand equity as a set of assets and liabilities linked to a brand, its name, and symbol, that either enhance or diminish the value provided by a product or service. In this sense, brand equity captures the additional value generated by the brand beyond the physical product itself and helps explain why similar offerings within the same market may be perceived and evaluated differently by consumers (Aaker, 1991; Keller,

2001, 2009). Brand equity, therefore, refers to the capacity of the brand to endow products and services with meanings, associations, and forms of value that exceed their purely functional characteristics (Schmitt, 1999; Zarantonello & Schmitt, 2013). Yet the way in which this value is created and measured has been conceptualized differently across the literature, reflecting broader shifts in how the relationship between brands and consumers is understood.

From a traditional perspective, brand equity is often approached as the value that firms build and manage through communication, positioning, and the consistent control of brand elements, with consumers appearing primarily as recipients of managerial efforts (Aaker, 1991; Keller, 2001). This perspective, however, has become less sufficient in contemporary markets, where consumers do not simply receive brand meanings but actively interpret, negotiate, and co-create them through both individual and shared experiences (Schmitt, 1999; Chang & Chieng, 2006). This shift has progressively revealed the limitations of a purely managerial perspective on brand equity, which struggles to account for the active role consumers play in shaping brand value.

In response, the literature has progressively distinguished between firm-based brand equity – which emphasises the financial value of the brand to the company – and customer-based brand equity (CBBE) – which focuses on how consumers perceive, learn about, and respond to the brand. This latter perspective is especially relevant when the aim is to understand how experiential strategies translate into customer-based outcomes.

Among the earliest and most influential conceptualizations, Aaker (1991) proposes a multidimensional framework in which brand equity is composed of five dimensions: brand awareness, perceived quality, brand associations, brand loyalty, and other proprietary brand assets. Specifically, brand awareness refers to the ability of consumers to recognise and recall the brand and, more broadly, to its salience in memory; perceived quality concerns the consumer's judgment of the overall excellence or superiority of a product or service; brand associations refer to the set of meanings linked to the brand in memory, including attributes, imagery, personality, values, and past experiences; and brand loyalty captures the attachment a customer has to a brand and the tendency to continue choosing it over alternatives. The fifth category – labelled other proprietary brand assets – includes elements such as patents, trademarks, and channel relationships that can help protect the brand's competitive position.

Taken together, these dimensions suggest that brand equity is not a single perception, but a multidimensional structure through which the brand creates value for both the firm and its customers (Aaker, 1991, 1996a). However, Aaker's (1991) definition of brand equity is broader than a strictly customer-based perspective, since it explicitly includes value creation for both firms and customers. For this reason, Aaker's (1991) model is best interpreted as a general brand equity framework with strong customer-facing components, rather than as a purely customer-based definition in the strict sense.

While Aaker's (1991) framework encompasses both firm-side and consumer-side dimensions of brand value, his later work develops more explicitly the consumer-oriented components. In this perspective, the added value of the brand becomes visible when consumers perceive it as offering something more than a comparable alternative, reflected in core facets such as perceived quality, perceived value for the cost, uniqueness, and willingness to pay a price premium – which act as relevant predictors of purchase intent and behaviour (Aaker, 1996b). Among these facets, uniqueness is particularly important in mature and highly competitive markets, because it captures the extent to which brand value depends on being perceived as distinct rather than merely familiar or well known (Aaker, 1996b; Netemeyer et al., 2004).

1.4.2 The Customer-Based Perspective

The shift toward a more customer-oriented understanding of brand value led to the emergence of the concept of customer-based brand equity (CBBE). Within this perspective, the value of a brand is built, measured, and managed primarily in terms of how it is perceived, interpreted, and evaluated by consumers (Keller, 2001). Keller (1993) provides one of the clearest and most influential formulations of CBBE by defining it as the differential effect that brand knowledge has on consumer response to the marketing of the brand – that is, the power of a brand lies in what customers have learned, felt, seen, and heard about it over time – rather than focusing mainly on the financial or managerial value of the brand (Keller, 1993).

The literature has proposed several conceptualizations of CBBE, each contributing to a deeper understanding of how brand knowledge shapes consumers' evaluations, choices, and responses to marketing stimuli (Netemeyer et al., 2004; Keller, 2009). At the

same time, they share the idea that brand value resides, at least in part, in consumers' minds and in the responses that brand-related knowledge generates (Aaker, 1991; Keller, 1993, 2001). From this perspective, building strong brand equity requires ensuring that customers have meaningful and consistent experiences with the brand across products, services, and marketing programs – experiences capable of strengthening brand salience, performance perceptions, imagery, consumer judgments, feelings, and ultimately brand resonance (Keller, 2001). It is precisely this consumer-side foundation that makes CBBE the most appropriate lens for examining how the brand experience, elicited by physical brand events, is converted into brand value: the framework traces this conversion through the perceptions, judgments, and relationships that brand knowledge generates in consumers' minds (Keller, 2001; Brakus et al., 2009; Zarantonello & Schmitt, 2013).

Yoo and Donthu (2001) further integrate the contributions of Aaker (1991) and Keller (1993), defining brand equity as the difference in customers' choices and responses between a branded and unbranded product presenting the same level of marketing stimuli and product attributes. They proposed a framework composed of cognitive dimensions – brand awareness, brand associations, and perceived quality – together with a behavioural intention dimension captured by brand loyalty. In this model, brand awareness refers to recognition and recall, brand associations reflect anything linked to the brand in consumers' minds, perceived quality captures the subjective evaluation of the brand's excellence or superiority, and brand loyalty expresses the intention to prefer that brand over alternatives (Aaker, 1991; Keller, 1993; Oliver, 1999; Yoo & Donthu, 2001).

In an earlier contribution, Yoo et al. (2000) also show that marketing-mix elements such as perceived advertising spending, store image, distribution intensity, and perceived price can positively influence brand equity dimensions, thereby reinforcing the idea that brand value is shaped through the broader set of touchpoints and actions through which consumers encounter the brand.

1.4.3 Keller's CBBE Framework

Building on the customer-based perspective established in the previous section, Keller's (2001) framework occupies a central position in the CBBE literature by explaining how strong brands are built progressively in consumers' minds through a structured

sequence of awareness, meaning, responses, and relationships. Whereas Keller's earlier work (1993) identifies brand knowledge – through brand awareness and brand image – as the conceptual foundation of CBBE, his later contributions translate this logic into the well-known customer-based brand equity pyramid (Figure 3), which represents brand building as a hierarchical process moving from basic awareness toward intense and active brand relationships (Keller, 2001, 2009).

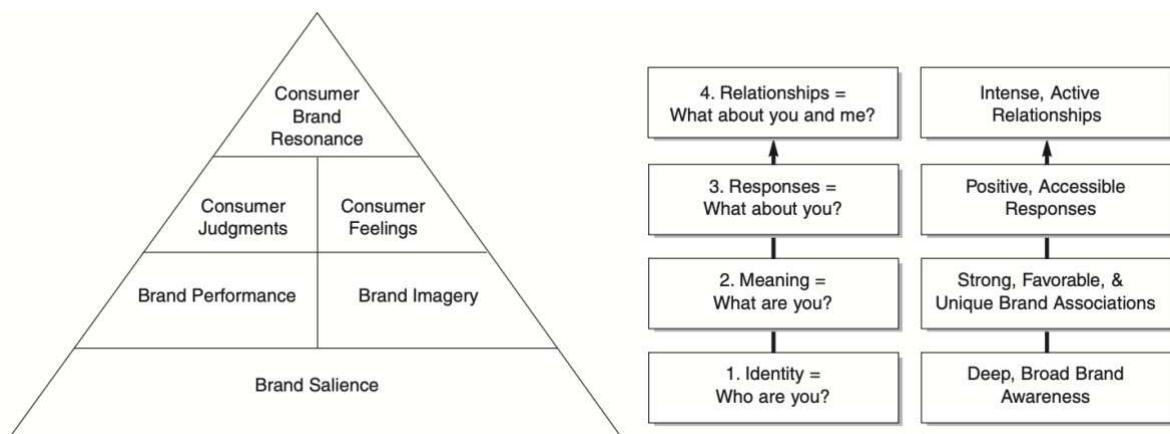


Figure 3. Customer-Based Brand Equity Pyramid. Source: Keller (2001)

More specifically, Keller (2001) presents brand building as a sequence of four steps, each associated with a key question that consumers ask, implicitly or explicitly, about the brand: Who are you? (brand identity); What are you? (brand meaning); What about you? (brand responses); and What about you and me? (brand relationships). The answers to these questions can be translated into four steps in building a strong brand: establishing the proper brand identity, breadth and depth of brand awareness; creating the appropriate brand meanings through strong, favourable, and unique brand associations; eliciting positive, accessible brand responses; and forging brand relationships with customers that are characterised by intense, active loyalty (Keller, 2001).

These four steps are operationalized through six building blocks of CBBE: brand salience, brand performance, brand imagery, consumer judgments, consumer feelings, and brand resonance (Keller, 2001). The logic of the model is a sequence, meaning that each step is contingent upon the successful completion of the previous one (Keller, 2001).

At the base of the pyramid, brand identity is established through brand salience; defined as the depth – consumers' ability to recall and recognise the brand – and breadth – the range of purchase and consumption situations in which the brand readily comes to mind – of brand awareness (Keller, 2001).

Brand salience, while necessary, is not sufficient on its own. The second stage concerns the creation of brand meaning and it is composed of two complementary dimensions of brand associations – brand performance and brand imagery – which can be formed directly (through brand experience) or indirectly (Keller, 2001). Brand performance captures the extent to which the product or service satisfies – and sometimes surpasses – consumers' functional needs through characteristics such as primary and secondary features; product reliability, durability, and serviceability; service effectiveness, efficiency, and empathy; style and design; and price (Keller, 2001). Brand imagery, by contrast, concerns the extrinsic and intangible properties of the brand and the ways in which it addresses consumers' psychological and social needs through: user profiles; purchase and usage situations; personality and values; and history, heritage, and experiences (Keller, 2001, 2009). The strength of brand meaning therefore depends on building associations that are simultaneously strong, favourable, and unique – properties that must be established in this order to achieve the highest levels of brand meaning (Keller, 1993, 2001).

The third stage concerns consumer responses to the brand – the feelings and thoughts that result from its marketing activities and other sources of information (Keller, 2001). These responses take two forms: brand judgments and brand feelings. Brand judgments refer to consumers' personal evaluations of the brand across four dimensions: quality; credibility (perceived expertise, trustworthiness, and likability); consideration (the likelihood that consumers will include the brand in their consideration set); and superiority (the extent to which the brand is perceived as unique and better than alternatives). Brand feelings, by contrast, capture the emotional reactions elicited by the brand, including warmth, fun, excitement, security, social approval, and self-respect (Keller, 2001, 2009). Regardless of their nature, these responses will positively influence consumer behaviour only when they are grounded in prior positive brand encounters (Keller, 2001).

At the top of the pyramid lies brand resonance, which represents the nature and intensity of the relationship and the identification that consumers establish with the brand. Keller (2001, 2009) conceptualizes resonance through four dimensions: behavioural loyalty, repeat purchases and the share of category volume attributed to the brand; attitudinal attachment, viewing the brand as something special in a broader context; sense of community; and active engagement, defined as customers' willingness

to invest "time, energy, money, or other resources into the brand beyond those expended during purchase or consumption" (Keller, 2001). Brand resonance can be further investigated in terms of intensity - the strength of attitudinal loyalty and sense of community - and activity - the frequency of purchase, use, and engagement in other brand-related activities (Keller, 2001).

A key strength of Keller's framework lies in its ability to connect lower-order cognitive elements with higher-order evaluative and relational outcomes. The model shows that strong consumer-brand relationships are built gradually through awareness, meaning, responses, and resonance, rather than emerging directly from product performance alone (Keller, 2001, 2009). This makes the framework especially suitable for research contexts in which brand value is expected to arise not only from functional superiority, but also from the meanings and experiences attached to the brand over time (Keller, 2001, 2009). This hierarchical logic also clarifies why differentiation matters only insofar as it is translated into customer-based meanings and responses: within the pyramid, distinctiveness first takes shape at the level of brand meaning and only subsequently develops into the more evaluative judgments and relational outcomes of the higher tiers (Keller, 1993, 2001; Netemeyer et al., 2004).

1.4.4 CBBE in relation to Brand Experience and Physical Events

The customer-based perspective on brand equity is especially relevant in experiential contexts. Because it locates brand value not in the financial terms of firm-based brand equity, but in how consumers perceive, interpret, and evaluate the brand through their encounters with it, it is particularly suited to settings in which value is built precisely through such encounters (Keller, 2001; Brakus et al., 2009). From this standpoint, brands are not merely names, symbols, or identifiers, but rich sources of sensory, affective, intellectual, and behavioural brand experience responses shaped through direct and indirect encounters (Keller, 1993; Schmitt, 1999; Brakus et al., 2009; Schmitt, 2012). This consumer-side view is particularly relevant in contemporary markets, where intense competition and commoditization make it increasingly difficult for firms to rely on functional differentiation alone (Pine & Gilmore, 1998; Keller, 2009). Research has further shown that strong CBBE may help consumers in decision-making by

simplifying choice and increasing satisfaction across consumer journey touchpoints (Keller, 1998; Hoch, 2002; Brakus et al., 2009; Lemon & Verhoef, 2016).

Several contributions clarify how brand experience feeds into customer-based brand value. Chang and Chieng (2006) argue that differentiation does not depend on superior product attributes alone, but also on the brand's ability to stage experiences that generate richer meanings and deeper connections with consumers, so that, over time, brand experience responses progressively shape the associations, attitudes, and image that build brand value (Aaker, 1996b; Keller, 1998; Chang & Chieng, 2006). This contribution, however, is not confined to brand meaning: Schmitt's (2012) consumer-psychology model treats experiencing the brand as only one of the processes – alongside identifying, integrating, signifying, and connecting – through which consumers construct and maintain their relationship with the brand, while Keller (2009) describes marketing activities as shaping the entire structure of brand knowledge, from awareness and associations to judgments, feelings, and relationships.

Seen together, these perspectives indicate that brand experience contributes to customer-based brand equity along two complementary routes: by building distinctive brand meaning, and by strengthening the evaluative and relational responses – such as trust and loyalty – through which consumers form and sustain a bond with the brand (Brakus et al., 2009; Keller, 2009). Recent empirical evidence further confirms a positive effect of brand experience on customer-based brand equity, suggesting that sensory and affective experiences may be especially influential in this process (Brakus et al., 2009; Keller, 2009; Ding & Tseng, 2015; Pina & Dias, 2021). Experiential touchpoints therefore matter not simply because they attract attention, but because they can enrich the content of brand knowledge through lived, memorable, and personally involving encounters that act on both routes.

These mechanisms apply with particular force to physical brand events. Event marketing research increasingly treats them as brand-building tools rather than mere promotional occasions: their contribution lies not in short-term visibility or publicity, but in the meaningful consumer responses they generate (Keller, 2008; Zarantonello & Schmitt, 2013). Moreover, rather than defining the objectives of events in terms of persuasion and brand evaluations alone, event practitioners increasingly emphasise their potential to create deeper and more meaningful brand equity connections with

consumers – which go beyond evaluative judgments and cannot be easily replicated through indirect, broad-based mass media (Brakus et al., 2009).

Since brand equity can be understood as the added value with which a brand endows a product, experiential initiatives such as physical events contribute to that value when they enrich consumers' perceptions of the brand beyond functional performance alone (Keller, 2009). Their value lies not in immediate persuasion or mere exposure, but in their capacity to shape the sensory, affective, intellectual, and behavioural dimensions of brand experience through which brand value is built in consumers' minds (Schmitt, 1999; Keller, 1993, 2009; Brakus et al., 2009; Zarantonello & Schmitt, 2013). It is through these consumer-side responses – the perceptions, interpretation, evaluation they strengthen over time – that customer-based brand equity offers the most appropriate lens for understanding how consumers' responses elicited by physical brand events generate brand value (Keller, 2001; Brakus et al., 2009; Zarantonello & Schmitt, 2013).

1.5 Willingness To Pay a Price Premium

The customer-based brand value built through brand experience becomes strategically consequential only when it translates into economically meaningful outcomes. Among these, willingness to pay a price premium stands out: it is one of the most concrete and interpretable indicators of brand-generated value and, in Aaker's (1996b) terms, one of the most reasonable summary measures of overall brand equity, capturing whether the value consumers attach to a brand is strong enough to be expressed in the price they are willing to pay (Netemeyer et al., 2004).

Understanding willingness to pay a price premium requires first situating it within the broader economic notion from which it derives. In its simplest economic logic, willingness to pay (WTP) can be understood as the maximum price a customer would be willing to pay for a given offering (Nagle & Müller, 2018; Simon & Fassnacht, 2019). Contemporary pricing research, however, no longer treats this amount as the rational outcome of objective product characteristics alone. Rather, it is increasingly understood as the monetary expression of the value customers perceive in an offering, including not only functional utility but also emotional, symbolic, and relational benefits (Hinterhuber

& Liozu, 2018; Simon & Fassnacht, 2019). From this perspective, price is not merely a competitive benchmark or a cost-plus decision; it reflects the extent to which a firm succeeds in creating, communicating, and justifying customer value (Baker et al., 2010; Simon & Fassnacht, 2019). A customer is therefore expected to purchase a product when the total perceived value exceeds the price charged, and the greater the difference between perceived value and price, the higher the consumer's willingness to pay (Nagle & Müller, 2018; Simon & Fassnacht, 2019).

Building on this general notion, the branding literature narrows the focus to a more specific construct: willingness to pay a price premium. Traditional economics literature conceptualizes price premiums as prices that yield above-average profits relative to comparable alternatives of the same package size or quantity (Aaker, 1996b; Netemeyer et al., 2004). Therefore, compared to willingness to pay, which is expressed in absolute terms, willingness to pay a price premium introduces a relative and competitive dimension by capturing the extent to which consumers are willing to pay more for a preferred brand over other competitors. In this sense, a price premium does not simply reflect value recognition, but value differentiation: it indicates that the brand is perceived as sufficiently superior, distinctive, or meaningful to justify a higher monetary sacrifice (Keller, 1993; Netemeyer et al., 2004).

This distinction is especially important in branding research, because it shifts attention from the general acceptance of price to the brand's specific ability to command economic advantage over competitors (Aaker, 1996a; Netemeyer et al., 2004; Miller et al., 2011).

1.5.1 Defining Willingness To Pay a Price Premium in Mature Markets

The relevance of willingness to pay a price premium becomes particularly evident in mature markets, where price competition tends to intensify and product differentiation progressively weakens, making it more difficult for brands to sustain superior prices on the basis of functional advantages alone (Nagle & Holden, 2002; Pine & Gilmore, 2011, 2013). As markets move into maturity, the margin of price discretion available to firms generally narrows: repeat buyers accumulate purchase experience, improve their ability to evaluate and compare competing products, and become progressively less dependent on brand reputation alone when making decisions (Nagle & Holden, 2002; Nagle & Müller,

2018). Under these conditions, firms that failed to establish either a strong differentiated position or a cost advantage during earlier stages of market development therefore encounter greater difficulty in defending margins. In other words, maturity makes premium pricing harder, not easier, because customers become more experienced, alternatives become more comparable, and competitive pressure becomes more explicit (Nagle & Holden, 2002; Nagle & Müller, 2018).

Yet maturity does not eliminate the possibility of price premiums; rather, it changes the basis on which they can be sustained. Premium branding strategies do not primarily rely on low prices or on constant price justification, but on the ability to offer superior products, services, solutions, and experiences that customers perceive as worth paying for (Nagle & Holden, 2002). From a value-based pricing perspective, a sustainable premium requires a value proposition that is differentiated, superior, relevant, and credible (Baker et al., 2010; Nagle & Müller, 2018). In consumer markets, this superiority does not always depend on objectively quantifiable attributes alone; it may also be supported by a consistent and coherent set of marketing programs, including experiential ones, through which consumers come to perceive the brand as more meaningful, reliable, or distinctive than its competitors (Baker et al., 2010; Nagle & Müller, 2018).

This reasoning is particularly useful for brands in low-involvement product categories that pursue, or aspire to, a premium pricing strategy. Low involvement arises when consumers lack either the motivation to engage with the product category or the ability to evaluate alternatives systematically – whether due to limited knowledge, limited expertise, or simply limited interest (Keller, 2001; Nagle & Holden, 2002). In such contexts, price premiums are difficult to justify through functional comparison alone, because consumers often rely on simplifying cues rather than elaborate attribute-by-attribute assessments (Nagle & Holden, 2002; Netemeyer et al., 2004).

At the same time, the difficulty of comparison does not preclude premium positioning, as consumers who cannot easily evaluate alternatives on functional grounds may become less price-sensitive toward a known or reputable brand and more willing to pay a premium for one they perceive as safer, more satisfying, more trustworthy, or more distinctive (Keller, 2001; Nagle & Holden, 2002). For this reason, even habitual and relatively low-involvement product categories may support premium pricing when firms succeed in combining objective quality with symbolic and experiential differentiation that

reduces substitutability and gives consumers a reason to value the brand beyond convenience or routine alone (Nagle & Holden, 2002; Ding & Tseng, 2015).

A critical implication follows from this argument. In low-involvement product categories in mature markets, price premiums should not be interpreted as automatic evidence of superior quality or brand strength (Keller, 2001; Nagle & Holden, 2002). They are more appropriately understood as the outcome of successful value creation and value communication in contexts where consumers have limited motivation to process detailed information but remain responsive to credibility-based cues (such as brand trust), distinctiveness perceptions (such as perceived uniqueness), and relational attachment (such as brand loyalty) that reduce substitutability and justify a higher price (Oliver, 1999; Chaudhuri & Holbrook, 2001; Keller, 2001; Netemeyer et al., 2004). Premium pricing is therefore most sustainable when the brand is able to make its added value sufficiently clear and meaningful to consumers, even in markets characterised by functional parity and intense competition (Keller, 2001; Baker et al., 2010; Nagle & Müller, 2018)).

1.5.2 Willingness to Pay a Price Premium in relation to Brand Experience and CBBE

Within the brand experience literature, willingness to pay a price premium has increasingly been examined as a downstream outcome through which experiential value may be translated into an economically interpretable response (Dwivedi et al., 2018; Zha et al., 2020). Zha et al. (2020) explicitly argue that brand experience research should examine value-evoked experiences, that is, experiences that match consumers' sense of fair or desired value and are capable of triggering the reaction: "this is what I am willing to pay for." In the same direction, Dwivedi et al. (2018) show that brand experience can increase consumers' willingness to pay a price premium and that this effect works through mediating mechanisms such as brand credibility and perceived uniqueness. Their contribution is particularly relevant because it moves the discussion beyond general brand attitudes and demonstrates that experiential value can have concrete pricing implications.

This positive effect, however, is conditional rather than automatic. A brand experience raises willingness to pay a price premium only when the value it creates is

meaningful, distinctive, and credible enough to alter how consumers evaluate the brand (Hoch, 2002; Zarantonello & Schmitt, 2013; Dwivedi et al., 2018). What matters for physical brand events, then, is not the attention or short-term affect they generate, but their capacity to reinforce the sensory, affective, intellectual, and behavioural responses through which brand value is gradually built (Brakus et al., 2009; Wood, 2009; Zarantonello & Schmitt, 2013). As these responses accumulate, consumers come to regard the brand less as a mere product provider than as a relational partner, and a higher price increasingly reads as a justified investment in sustaining that relationship (Dwivedi et al., 2018). This trajectory is consistent with broader evidence that brand experiences strengthen trust and loyalty, both of which reduce price sensitivity and ease the acceptance of a premium (Brakus et al., 2009; de Oliveira Santini et al., 2018). It is precisely this shift that willingness to pay a price premium captures, which makes it a particularly informative outcome of physical brand events: it registers whether experiential differentiation remains merely perceptual or translates into an economic response that purely attitudinal indicators cannot detect (Aaker, 1996b; Netemeyer et al., 2004; Keller, 2009; Wood, 2009).

The relevance of this relationship becomes even clearer when brand experiences are interpreted through a customer-based brand equity lens, which shifts attention from communication as information delivery to communication as value creation. Physical brand events do not simply inform consumers; by offering direct, memorable, and personally involving interactions rather than distant or purely symbolic exposure, they link the brand to people, places, feelings, and experiences, thereby shaping the knowledge structures through which brands acquire value in consumers' minds (Keller, 1993, 2008; Brakus et al., 2009; Zarantonello & Schmitt, 2013). It is precisely these knowledge structures that give rise to differential consumer responses – and one of the most economically meaningful manifestations of this differential value is a greater willingness to pay a price premium (Keller, 1993; Yoo & Donthu, 2001). The value created through such touchpoints is therefore translated into premium-price acceptance when they strengthen the customer-based mechanisms through which brand value is built (Keller, 1993, 2001, 2009; Dwivedi et al., 2018).

Taken together, this section frames willingness to pay a price premium as the point at which customer-based brand value becomes economically visible: a relative, competitive judgment that is most consequential – and hardest to sustain – in the mature, low-involvement markets where functional differentiation is weak. In such conditions, the brand experience elicited by physical brand events can raise the premium consumers are prepared to pay, not automatically, but to the extent that it strengthens the consumer-side responses through which brand value is built. Brand experience may thus operate on willingness to pay a price premium both directly and, more fundamentally, through the customer-based brand equity mechanisms it activates each offering a distinct route by which experiential value is converted into a higher price consumers are willing to accept (Keller, 1993, 2001, 2009; Netemeyer et al., 2004; Zarantonello & Schmitt, 2013; Dwivedi et al., 2018).

1.6 Literature Review Selection Process

Both the theoretical framework developed in this chapter and the hypotheses formulated in the next rest on a structured, integrative literature review conducted following a PRISMA-informed approach (Page et al., 2021). Unlike a fully systematic review, which aims at the exhaustive and comprehensive coverage of a field, the objective here was not to map all publications related to brand experience, but rather to identify, compare, and integrate the most relevant conceptual and empirical contributions required to develop the theoretical framework of the thesis. This approach was considered appropriate given that the research topic lies at the intersection of multiple literature streams – including the experience economy, experiential marketing, brand experience, physical brand events, customer-based brand equity, and willingness to pay a price premium – while ensuring transparency and methodological rigour through a structured and replicable search and screening process.

The literature research was conducted through the digital libraries ScienceDirect, Wiley Online Library, SpringerLink, and SAGE. The search string combined two groups of keyword: the first group captured the experiential domain: “brand experience” OR “experiential marketing” OR “event marketing” OR “physical experience” OR “physical brand event” OR “physical events”; the second group captured the relevant

outcomes: “brand equity” OR “customer-based brand equity” OR “brand trust” OR “brand loyalty” OR “perceived uniqueness” OR “willingness to pay” OR “price premium”. The initial search produced 5,872 records: 3,114 from ScienceDirect, 571 from Wiley Online Library, 1,691 from SpringerLink, and 496 from SAGE.

A first screening step restricted the research to articles and review articles, published in English, and within the time period 1999-2026. The starting year was chosen because the late 1990s represent a major turning point in the development of the field, particularly with the publication of Pine and Gilmore’s (1999) experience economy perspective and Schmitt’s (1999) experiential marketing framework. After applying these criteria, the number of records was reduced to 4,132. Duplicate removal then further reduced the sample to 3,363 records.

A second filtering stage retained only publications appearing in the journals considered most relevant to the theoretical domain of the thesis and listed in the ABS Journal Ranking 2024¹. This journal-based screening removed 2,063 records, reducing the sample from 3,363 to 1,300. A preliminary title-, abstract-, and keyword-based exclusion round was then conducted to discard records clearly outside the scope of the thesis: studies were excluded when they focused primarily on digital or online environments, social media, artificial intelligence, virtual or augmented reality, metaverse-related contexts, omnichannel or e-commerce settings, B2B markets, or sector-specific contexts such as tourism, hospitality, banking, education, political branding, airlines, and employer branding. This step removed a further 575 records, leaving 725 papers.

¹ Journal of product and brand management; Journal of Product and Innovation Management; European Management journal; International Journal of Management Reviews; Psychology & Marketing; European Journal of Marketing; European Management Journal; Industrial Marketing Management; International Journal of Consumer Studies; International Journal of Market Research; International Journal of Production Economics; International Journal of Research in Marketing; International Marketing Review; Journal of Brand Management; Journal of Business & Industrial Marketing; Journal of Business Research; Journal of Cleaner Production; Journal of Consumer Affairs; Journal of Consumer Behaviour; Journal of Consumer Psychology; Journal of Contemporary Marketing Science; Journal of Interactive Marketing; Journal of International Marketing; Journal of Macromarketing; Journal of Marketing; Journal of Marketing Research; Journal of Retailing; Journal of Retailing and Consumer Services; Journal of Revenue and Pricing Management; Journal of the Academy of Marketing Science; Marketing Theory; Marketing Letters; Qualitative Market Research: An International Journal; Quantitative Marketing and Economics

After this exclusion stage, the remaining records were screened according to a focalization logic. More specifically, priority was given to studies that addressed at least one experiential construct central to the thesis – such as brand experience, experiential marketing, or event marketing – together with at least one downstream customer-based mechanism or outcome, such as brand equity, trust, loyalty, perceived uniqueness, willingness to pay, or price premium. This step made it possible to move beyond a purely exclusion strategy and to progressively concentrate the review on the literature most relevant to the conceptual framework of the thesis, reducing the remaining records from 725 to 126 papers.

In the final step of this analysis, a deep reading of articles was carried out to assess their significance. Specifically, consistently with the focalization criteria applied in the previous step, only those articles addressing central constructs and the expected outcomes were selected with the objective of defining the phenomena, definitions and measurements. This final selection was not based exclusively on database output, as recommended in rigorous review designs, it was complemented by iterative forward snowballing from seminal contributions, review articles, and meta-analyses, in order to identify additional highly relevant works that might not have been captured fully through keyword searches alone. The structured review process ultimately yielded 52 articles deemed pertinent to the present research, of which 18 were retrieved through database searches and 34 through forward snowballing. Foundational books and conceptual works were also retained when necessary to reconstruct the theoretical bases of the review, particularly in relation to experiential consumption, experience economy, brand equity, willingness to pay and consumer learning from experience. In the context of willingness to pay a price premium, further books have been included due to the scarcity in the found literature in fully capturing this outcome and the potential link to brand experience, elicited by physical brand events.

Overall, the review process was therefore designed to balance breadth, transparency, and theoretical relevance. Figure 4 summarizes the literature search and selection process with the purpose of making visually explicit the logic through which the body of literature was progressively narrowed from a broad initial search to a focused and theoretically coherent set of sources.

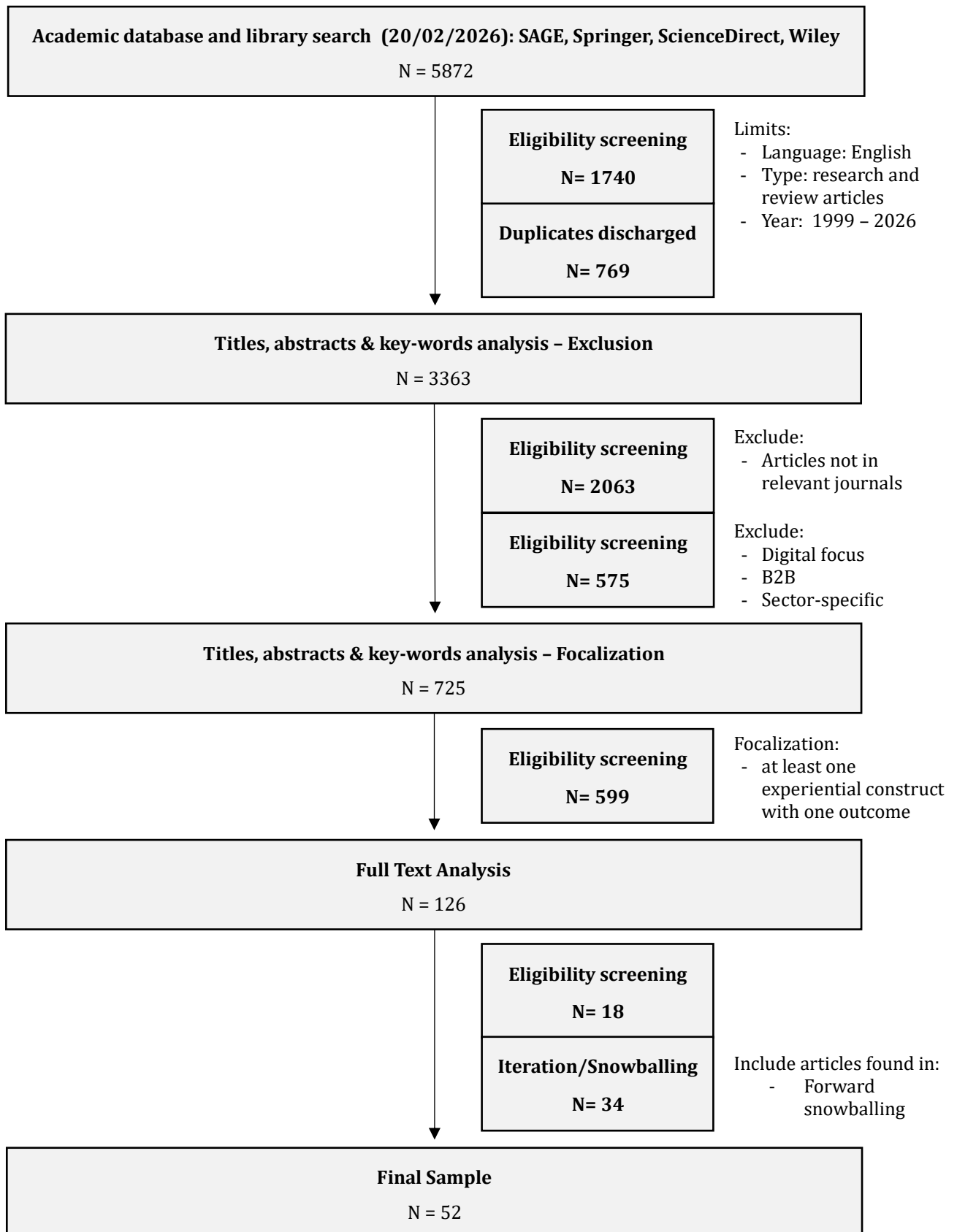


Figure 4. Literature search and selection process. Source: Author's elaboration

1.7 Summary of Literature Review

Although the growing number of studies on brand experience is encouraging, the literature still shows an uneven balance between empirical expansion and conceptual consolidation (Zha et al., 2020). A particularly influential contribution in this regard is Brakus et al. (2009), which provided the field-defining conceptualization of brand experience, developed its four-dimensional structure, and distinguished it empirically from adjacent constructs. At the same time, that contribution did not emerge in isolation, but built on earlier experiential perspectives developed in consumer research and marketing – particularly those of Holbrook and Hirschman (1982), Pine and Gilmore (1998, 1999), and Schmitt (1999) – all of which informed the theoretical foundation of the present literature review.

In the decade following Brakus et al. (2009), the literature increasingly shifted from defining brand experience to examining its relationships with downstream brand outcomes. Among the most recurrent themes, researchers have investigated the links between brand experience and brand loyalty (e.g., Iglesias et al., 2011; Ding & Tseng, 2015), brand trust (Khan & Fatma, 2017), brand equity (Zarantonello & Schmitt, 2013; Ding & Tseng, 2015), perceived uniqueness and brand credibility (Dwivedi et al., 2018), and willingness to pay a price premium (Dwivedi et al., 2018; Akram & Imran, 2024). This evolution shows that brand experience is no longer treated only as a construct to be defined and measured, but also as a mechanism through which broader consumer-based and economically relevant consequences may emerge.

Within this broader stream, the present thesis focuses on physical events as firm-controlled experiential touchpoints able to elicit brand experiences. This choice reflects the shift from the general logic of the experience economy toward the consumer-side processes through which brand experience is formed, interpreted, evaluated, and translated into brand value (Brakus et al., 2009; Zarantonello & Schmitt, 2013; Zha et al., 2020). In line with this perspective, brand equity is examined through a customer-based lens: perceived uniqueness is treated as the first mechanism through which experiential differentiation becomes meaningful in consumers' minds, while brand trust and brand loyalty represent progressively more evaluative and relational outcomes within the broader CBBE logic (Aaker, 1996b; Keller, 2001; Netemeyer et al., 2004). This customer-

based perspective is therefore essential for understanding how physical brand events may alter the value consumers attribute to brands in mature markets and, through these mediating mechanisms, increase their willingness to pay a price premium.

Table 1 brings together the main contributions reviewed in this chapter and positions them according to their primary relevance for the present thesis, spanning studies that provide the conceptual foundations of the experience economy and brand experience, those that define and operationalize brand experience, and those that examine its relationships with customer-based outcomes such as brand equity, trust, loyalty, perceived uniqueness, and willingness to pay a price premium. In doing so, it highlights the progressive movement of the field from foundational conceptual work toward the empirical analysis of downstream brand-related consequences.

Table 1. Comprehensive overview of the literature on physical brand events, CBBE, and willingness to pay a price premium. Source: The author

Title, Author, and Journal	Main Topic	Type of Analysis	Content and Purpose	Results and Conclusions
The Experiential Aspects of Consumption: Consumer Fantasies, Feelings, and Fun – Holbrook & Hirschman (1982) – Journal of Consumer Research	Experiential view of consumption	Conceptual article	Challenges the purely utilitarian and information-processing view of consumption; introduces fantasies, feelings, and fun as relevant consumption dimensions	Establishes the experiential foundation of consumption research and legitimizes the study of hedonic, symbolic, and affective consumption processes
Product Experience Is	Product experience,	Conceptual article	Examines how consumers learn	Useful for understanding

Seductive – Hoch (2002) – Journal of Consumer Research	ambiguity, and interpretation		from experience, and why experience can appear compelling even when it is ambiguous or only partly diagnostic	why experiences can shape value perception, memory, and judgment even when functional information is limited
Brand Experience: What Is It? How Is It Measured? Does It Affect Loyalty? – Brakus, Schmitt & Zarantonello (2009) – Journal of Marketing	Brand experience definition and measurement	Conceptual + scale development + empirical validation	Defines brand experience and develops the four-dimensional scale: sensory, affective, intellectual, behavioural	Field-defining study; clearly distinguishes brand experience from adjacent constructs and establishes its empirical relevance for satisfaction and loyalty
Building Consumer–Brand Relationship: A Cross-Cultural Experiential View – Chang & Chieng (2006) – Psychology & Marketing	Experience and consumer–brand relationship	Empirical / structural model	Explains how experiences influence consumer–brand outcomes through associations, attitude, personality, and image	Important bridge between brand experience and consumer-based brand value through intermediate brand meanings
Developing and Validating	CBBE facets, including	Scale development	Develops consumer-based brand equity	Particularly relevant for the

Measures of Facets of Customer-Based Brand Equity – Netemeyer et al. (2004) – Journal of Business Research	uniqueness and WTP premium	/ empirical validation	facets such as uniqueness and willingness to pay a price premium	thesis because it links distinctiveness and price premium to customer-based brand value
The Impact of Event Marketing on Brand Equity: The Mediating Roles of Brand Experience and Brand Attitude – Zarantonello & Schmitt (2013) – International Journal of Advertising	Event marketing, brand experience, and brand equity	Empirical mediation study	Examines how event marketing contributes to brand equity through brand experience and brand attitude	Key source for linking physical events to brand-building processes and for positioning events as experiential touchpoints
On the Relationships Among Brand Experience, Hedonic Emotions, and Brand Equity – Ding & Tseng (2015) – Journal of Business Research	Brand experience, emotions, and brand equity	Empirical structural model	Explores how brand experience relates to brand equity and loyalty through emotional and cognitive mechanisms	Useful for showing that brand experience affects downstream customer-based outcomes beyond simple satisfaction

The Role of Brand Experience and Affective Commitment in Determining Brand Loyalty – Iglesias, Singh & Batista-Foguet (2011) – Journal of Brand Management	Brand experience and loyalty	Empirical study	Examines how brand experience contributes to loyalty, particularly through affective commitment	Supports the thesis logic that experience may create more stable relational outcomes over time
Antecedents and Outcomes of Brand Experience: An Empirical Study – Khan & Fatma (2017) – Journal of Brand Management	Brand experience with antecedents and its outcomes	Empirical mediation study	Examines brand experience within a broader nomological framework by considering factors that precede it and outcomes that derive from it	Supports event marketing as an antecedent and brand trust as an outcome of brand experience
A renaissance of brand experience: Advancing the concept through a multi-perspective analysis – Andreini et al. (2018) – Journal	Conceptual development of brand experience	Conceptual literature review	Critically reviews brand experience research and proposes a broader multi-level framework grounded in relationship theory, service-dominant logic, and consumer culture theory	Highlights the limits of a purely stimuli-response view of brand experience and supports a broader relational and socially

of Business Research				constructed interpretation of the construct
Brand experience and consumers' willingness-to-pay (WTP) a price premium – Dwivedi et al. (2018) – Journal of Retailing and Consumer Services	Brand experience and WTP premium	Empirical study	Directly examines whether brand experience affects consumers' willingness to pay a higher price	Central source for the economic outcome of the thesis, as it explicitly links brand experience to premium-price acceptance

2. Research Question and Hypotheses Development

2.1 Research Gap and Research Question

Chapter 1 established that physical brand events, as firm-controlled experiential stimuli, are strategically relevant touchpoints: in mature and competitive markets, they can elicit brand experience and, through it, generate customer-based brand equity outcomes. Existing research has shown that brand experience influences a range of downstream outcomes, including brand loyalty, brand trust, perceived uniqueness, and brand equity more broadly (Chang & Chieng, 2006; Brakus et al., 2009; Zarantonello & Schmitt, 2013; Khan & Fatma, 2017; Dwivedi et al., 2018). At the same time, willingness to pay a price premium has been identified as one of the most economically meaningful indicators of customer-based brand value: it registers whether the consumer responses through which a brand is perceived, interpreted, and evaluated have built enough value in consumers' minds to translate into a concrete, measurable economic outcome (Aaker, 1996b; Netemeyer et al., 2004; Dwivedi et al., 2018).

Despite this growing body of evidence, the existing literature presents a notable gap. No study has yet investigated the full pathway through which brand experience, elicited by physical brand events, may influence willingness to pay a price premium by simultaneously considering perceived uniqueness, brand trust, and brand loyalty as mediating mechanisms within a common CBBE theoretical perspective. Most prior studies examine these relationships in isolation or in partial configurations, leaving unclear whether and how the cumulative effect of these mechanisms translates customers' responses into economically measurable outcomes (Zarantonello & Schmitt, 2013; Dwivedi et al., 2018; Zha et al., 2020).

Building on this gap, an integrated model is developed that examines whether and how brand experience, elicited by physical brand events, may influence willingness to pay a price premium through three CBBE-based mediating mechanisms - selected to capture distinct consumer-based mechanisms through which brand experience may build brand value. As the first mediator, perceived uniqueness represents a key component of brand meaning and associative differentiation, capturing how consumers' responses shape their perceptions of the brand as distinctive within its competitive set (Aaker, 1996b;

Netemeyer et al., 2004). Brand trust, as a second mediating mechanism, reflects consumers' confidence in the brand's capacity to deliver on its promises, rooted in credibility and reliability perceptions developed through direct experiential encounters (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Alemán, 2001). Brand loyalty, as the last and most relational mediating mechanism, reflects brand resonance by capturing the depth of attitudinal commitment, behavioural preference, and advocacy that consumers develop toward the brand (Oliver, 1999; Chaudhuri & Holbrook, 2001).

Brand salience – also referred to as brand awareness or brand identity – is the only layer of the Keller's (2001) CBBE pyramid not included in the present model. This choice reflects the focus of the study on brand experience elicited by physical events in the context of brands in mature markets, where awareness is assumed to be already established among the target population.

Brand familiarity is introduced as a moderating variable that conditions the strength of the relationship between brand experience and perceived uniqueness, on one side, and between brand experience and brand trust on the other. This choice is consistent with prior research showing that familiarity may influence how consumers process and respond to new brand-related information and the extent to which experiential cues are diagnostic in forming or updating brand evaluations and responses (Alba & Hutchinson, 1987; Dawar & Lei, 2009). Brand familiarity is not, however, modelled as a moderator of the relationship between brand experience and brand loyalty: because loyalty already presupposes a prior level of familiarity with the brand, treating familiarity as a boundary condition at that stage would be redundant (Alba & Hutchinson, 1987).

In addition, price sensitivity is introduced as a second moderating variable, specifically in the relationship between brand loyalty and willingness to pay a price premium. Prior research has shown that more price-sensitive consumers may be less inclined to accept higher prices even when they exhibit strong positive attitudes toward the brand, suggesting that the loyalty-to-premium pathway is not uniform across consumers (Yoo et al., 2000; Nagle & Holden, 2002).

Table 2 reports the studies that most directly informed the hypothesis formulation, drawn from the literature identified through the selection process described in Section 1.6 and chosen for their relevance to the constructs and relationships examined in the model.

Table 2. The most applicable papers and how they differ from the research question. Source: The author

Author and Year of Publication	Brand Experience / Experiential marketing	CBBE / other dimensions	Brand Familiarity	Price Sensitivity	WTP / price premium	Integrated Model
Dwivedi et al. (2018)	●	Perceived Uniqueness and Credibility			●	Partial
Akram & Imran (2024)	Sensory experience	Brand Loyalty			●	Partial
Biswas (1992)			●		●	
Chaudhuri & Holbrook (2001)		Brand Loyalty and Trust			●	
Netemeyer et al. (2004)		●			●	
Chang & Chieng (2006)	●	Brand equity				
Brakus et al. (2009)	●	Brand Loyalty				
Dawar & Lei (2009)		●	●			
Ramirez & Goldsmith (2009)		Brand Loyalty		●		
Pine & Gilmore (2013)	●				●	
Zarantonello & Schmitt (2013)	●	Brand Equity				
Khan & Fatma (2017)	●	Brand Loyalty/Trust				

2.2 Hypothesis Development

Building on the gap and the integrated model outlined in Section 2.1, this section develops the theoretical rationale for each relationship the model proposes and formulates it as an empirically testable hypothesis. Each hypothesis is grounded in the customer-based brand equity literature reviewed in Chapter 1, moving from the direct link between brand experience and willingness to pay a price premium, through the three mediating mechanisms, to the two moderating conditions.

The conceptual model presented in Figure 5 operationalizes the central proposition of the present thesis: that brand experience, elicited by physical brand events, influences consumers' willingness to pay a price premium primarily through three parallel CBBE-based mechanisms – perceived uniqueness, brand trust, and brand loyalty – whose effects are further conditioned by brand familiarity and price sensitivity as moderating variables. In the present study, brand experience – operationalized through the four-dimensional scale developed by Brakus et al. (2009), encompassing sensory, affective, intellectual, and behavioural dimensions – serves as the primary measure of consumers' responses to physical brand events.

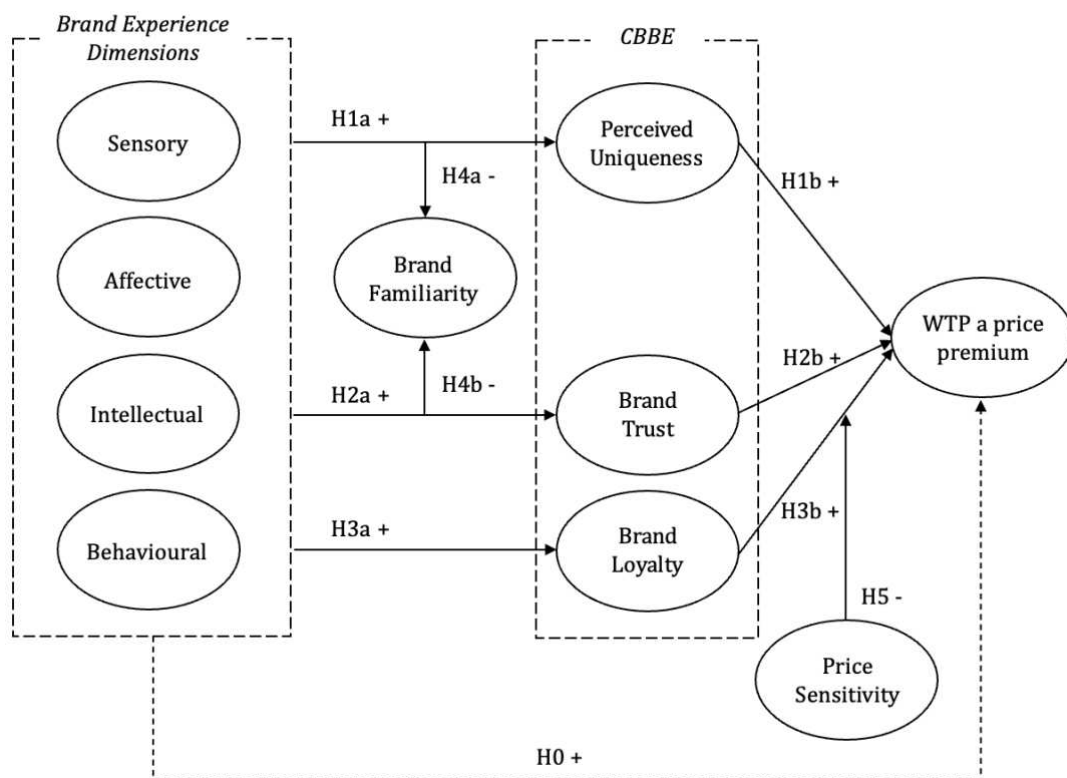


Figure 5. Hypothesized research model. Source: The author

Before developing the theoretical rationale for each mediating mechanism, the role of the direct relationship between brand experience, elicited by physical brand events, and willingness to pay a price premium within the empirical framework requires clarification. In a mediation framework, the direct path linking brand experience to consumers' willingness to pay a price premium – visually represented in Figure 5 – must be estimated together with the indirect paths through perceived uniqueness, brand trust, and brand loyalty, in order to assess whether any direct effect remains once the mediators are taken into account (Zhao et al., 2010; Hair et al., 2017). This direct path functions as a diagnostic relationship that allows the researcher to determine whether the influence of brand experience on willingness to pay a price premium is fully channelled through the proposed CBBE mechanisms, only partially explained by them, or not explained by them at all. For this reason, the path is formulated as follows:

H0: Brand experience, elicited by physical brand events, positively influences consumers' willingness to pay a price premium.

H0 label follows the conventional notation for a baseline direct-effect path and should not be conflated with the null hypothesis in statistical testing. The main theoretical expectation of the present study is that brand experience, elicited by physical brand events, influences willingness to pay a price premium indirectly through perceived uniqueness, brand trust, and brand loyalty, consistently with the CBBE-based logic developed in Chapter 1 (Keller, 2001; Chang & Chieng, 2006; Dwivedi et al., 2018). The purpose of including the direct path, therefore, is not to compete with the mediation hypotheses, but to clarify the nature of the relationship under examination and strengthen the internal logic of the model.

The following sections develop the theoretical rationale and empirical support for each of the three CBBE-based mediating mechanisms – perceived uniqueness, brand trust, and brand loyalty – and for the two moderating variables – brand familiarity and price sensitivity – introduced in the model to study the relationship between brand experience and willingness to pay a price premium.

2.2.1 Perceived Uniqueness

Within the customer-based brand equity (CBBE) framework, brand uniqueness has been presented as a mediating variable for the first time in the model proposed by Yoo and Donthu (2001) as a component of brand associations. Built on Aaker (1991), brand associations were defined as “anything linked to the brand in the consumer’s mind,” encompassing attributes, benefits, values, and symbolic meanings connected to the brand. These associations form a cognitive network through which consumers interpret brand-related information and determine brand value, making them particularly relevant in understanding how consumers’ responses – studied as brand experience – shape their perceptions. Keller (2008) further emphasises that brand associations differ in terms of strength, favourability, and uniqueness, which can be formed directly, from a customer’s own experiences and contact with the brand, or indirectly, through the depiction of the brand in advertising or by other sources of information. Specifically, strong and favourable associations contribute to a distinctive brand image which, contributing to the consumer’s ability to distinguish one brand from competing alternatives, generates a perception of uniqueness. Brand differentiation, therefore, emerges when associations are not only positive but also unique relative to competitors, therefore referring to the concept of brand uniqueness as the extent to which consumers perceive a brand as different and distinctive within its competitive set (Netemeyer et al., 2004). In this perspective, perceived uniqueness enhances brand salience and memorability because distinctive associations are more easily encoded, retrieved, and recalled from memory (Keller, 2008).

Perceived uniqueness can therefore be considered a central facet of customer-based brand equity, particularly in saturated markets where differentiation becomes critical in allowing the brand to stand out among competitors and reduce substitutability (Aaker, 1996a). In this context, traditional product-based differentiation grounded solely in superior functional attributes is often insufficient to sustain long-term competitive advantage, as commoditization and rapid imitation reduce the sustainability of purely attribute-based positioning strategies (Dwivedi et al., 2018). Consequently, firms increasingly rely on experiential strategies to create distinctive brand meanings that go beyond utilitarian product characteristics.

Brand experience is well suited to this purpose: the sensory, affective, intellectual, and behavioural responses it evokes are encoded as rich and vivid brand associations rather than as abstract information alone (Schmitt, 1999; Brakus et al., 2009). Physical brand events, in particular, let consumers actively engage with the brand's identity, values, and symbolic attributes, and the brand experience they elicit strengthens both the richness and the distinctiveness of those associations (Brakus et al., 2009; Zarantonello & Schmitt, 2013).

Given these considerations, the enriched associative structures created by physical brand events are assumed to increase the likelihood that the brand will be perceived as unique relative to competing alternatives, brand experience is therefore expected to reinforce brand-specific associations and amplify perceived uniqueness, leading to the following hypothesis:

H1a: Brand experience, elicited by physical brand events, positively influences perceived uniqueness.

The creation of perceived uniqueness in customers' minds is not an end in itself for marketers engaging in physical events design, rather it must translate into higher-level economic outcomes to be strategically meaningful. Among these, willingness to pay a price premium – capturing the extent to which consumers accept paying more for a preferred brand than for comparable alternatives – represents one of the most economically interpretable indicators of customer-based brand value (Aaker, 1996b; Netemeyer et al., 2004). Perceived uniqueness contributes to this outcome through a cognitive mechanism: as consumers tend to economize cognitive effort, they frequently rely on simplifying heuristics rather than engaging in extensive analytical comparisons (Netemeyer et al., 2004). Unique brand associations – particularly when reinforced by the brand experience elicited by physical brand events – function as accessible cues in the decision-making process. By reducing comparison complexity and perceived substitutability while strengthening the brand's perceived value, especially in low-involvement purchase contexts, they increase the likelihood that consumers will accept a price premium for the brand (Aaker, 1996b; Netemeyer et al., 2004; Brakus et al., 2008; Iglesias et al., 2011).

This link is reinforced by value-based pricing theory, according to which a premium is sustainable not through low prices or constant justification but through differentiation that consumers perceive as meaningful (Aaker, 1996b; Hinterhuber & Liozu, 2018; Nagle & Müller, 2018). Moreover, because pricing judgments are shaped by behavioural as much as by rational-economic factors, consumers are more willing to pay a premium for a brand they perceive as genuinely distinctive, even in the absence of objective functional superiority (Hinterhuber & Liozu, 2018). Perceived uniqueness is therefore expected to raise willingness to pay a price premium, leading to the following hypothesis:

H1b: Perceived uniqueness positively influences consumers' willingness to pay a price premium.

Taken together, the two preceding hypotheses describe a single mediating pathway: brand experience strengthens perceived uniqueness (H1a), which in turn raises consumers' willingness to pay a price premium (H1b). Perceived uniqueness is therefore expected not only contributes to competitive differentiation but also converts the brand experience, elicited by physical brand events, into concrete economic outcomes, connecting consumer-side perceptions to willingness to pay a price premium. The following mediation hypothesis can therefore be formulated:

H1: Perceived uniqueness mediates the positive effects of brand experience, elicited by physical brand events, on consumers' willingness to pay a price premium.

2.2.2 Brand Trust

Building on Keller's (2001) customer-based brand equity (CBBE) framework, once brands establish strong and unique associations in consumers' minds, the next critical stage in brand building is to elicit favourable customer responses to the brand's identity and meanings. In this context, brand responses refer to "how customers respond to the brand, its marketing activity, and other sources of information, that is, what customers think or feel about the brand" (Keller, 2001). These responses can be distinguished into brand judgments, reflecting consumers' evaluative opinions, and brand feelings, which capture emotional reactions. Among brand judgments, credibility is a particularly

important dimension, referring to the extent to which consumers perceive the brand as trustworthy, expert, and likable, and reflecting beliefs about its competence, reliability, and sincerity (Keller, 2001). Credibility thus forms the cognitive foundation upon which brand trust develops: while credibility captures evaluative assessments of the brand's expertise and consistency, brand trust extends further, representing consumers' willingness to rely on the brand's ability to perform its stated function under conditions of uncertainty (Chaudhuri & Holbrook, 2001). Brand trust therefore reflects a feeling of security held by the consumer in interactions with the brand, based on perceptions of reliability, honesty, and responsibility toward the consumer's welfare (Delgado-Ballester & Munuera-Alemán, 2001). Because it reduces perceived risk and vulnerability, trust becomes particularly relevant in complex and competitive markets (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Alemán, 2001).

Furthermore, brand trust is largely experienced-based. Delgado-Ballester and Munuera-Alemán (2001) argue that the process by which consumers attribute a trust image to a brand is grounded in their direct and indirect experiences with the brand itself. Trial, usage, satisfaction, advertising exposure, word-of-mouth, and brand reputation all contribute to the formation of trust perceptions (Keller, 1993). Brand experience therefore represents a primary personal input in the development of trust, as it provides evidence regarding the brand's ability and willingness to deliver on its promises, thereby eliciting a positive customer response (Delgado-Ballester & Munuera-Alemán, 2001).

Because physical brand events are direct, immersive encounters that serve as valuable diagnostic information, they act as a catalyst for trust, allowing consumers to assess the brand's reliability and integrity more thoroughly, especially through repeated interactions (Garbarino & Johnson, 1999). As personality and social-psychology theories suggest, trust evolves from prior interactions and accumulated familiarity (Garbarino & Johnson, 1999); the brand experience such events elicit therefore strengthens consumers' confidence in the brand's capacity to fulfil its promises (Ramaseshan & Stein, 2014).

Building on this, when the brand experience elicited by such events is highly relevant and personally meaningful, consumers develop stronger expectations about the brand's future performance (Khan & Fatma, 2017) – expectations that extend beyond immediate satisfaction into a forward-looking belief that the brand will continue to deliver even in situations not previously encountered (Garbarino & Johnson, 1999; Delgado-Ballester &

Munuera-Alemán, 2001). In this way, physical brand events do more than communicate: by signalling shared values, integrity, and non-opportunistic behaviour, they help consolidate trust (Delgado-Ballester & Munuera-Alemán, 2001). Strong brands, in other words, do not merely build awareness; they earn trust by demonstrating reliability and integrity consistently across encounters.

Empirical evidence largely supports the positive relationship between brand experience and brand trust (Ha & Perks, 2005; Khan & Fatma, 2017). Ramaseshan and Stein (2014), however, report that brand experience does not always exert a direct effect on trust, suggesting that additional factors may condition this relationship. One potential explanation concerns brand familiarity, which may shape how experiential information is processed and translated into trust – an aspect examined in a subsequent section.

Taken together, the literature suggests that brand experience constitutes a fundamental antecedent of brand trust. By providing cumulative, relevant, and consistent interactions that signal competence, honesty, and alignment with consumer interests, physical brand events can reduce uncertainty and foster consumers' willingness to trust the brand, resulting in the following hypothesis:

H2a: Brand experience, elicited by physical brand events, positively influences consumers' brand trust.

Trust also generates important firm-level outcomes, since favourable consumer responses contribute to enhanced marketplace performance and the ability to command price premiums (Keller, 1993). In particular, willingness to pay a price premium reflects the trust consumers place in a brand's reliability and performance: when consumers trust a brand, the perceived risk of the purchase – functional, financial, or psychological – diminishes, increasing their willingness to pay higher prices (Chaudhuri & Holbrook, 2001; Netemeyer et al., 2004). Moreover, in contexts where trust is high, consumers are less motivated to engage in extensive price comparisons, as confidence in the brand's reliability lowers the need to search for safer or cheaper substitutes (Nagle & Holden, 2002; Netemeyer et al., 2004). Trust thus acts as a risk-mitigation mechanism, allowing consumers to rely on the brand's expected performance while enabling firms to justify a

premium on the basis of relational assurance (Delgado-Ballester & Munuera-Alemán, 2001).

Pricing research reinforces this from a decision-making perspective: consumers show higher price tolerance when alternatives are difficult to compare and a known or reputable brand is perceived as the safer choice (Nagle & Holden, 2002). In such conditions, trust functions as a cognitive heuristic that simplifies the evaluation process: rather than engaging in extensive price comparisons, consumers rely on brand reputation as a signal of consistent performance, reducing the emphasis placed on price differentials and weakening the motivation to switch (Nagle & Müller, 2018).

Taken together, these arguments suggest that brand trust is a key relational mechanism through which perceived security and reduced uncertainty translate into willingness to pay a price premium: by lowering perceived risk and reducing price-comparison behaviour, trust increases consumers' tolerance for higher prices. The following hypothesis is therefore formulated:

H2b: Brand trust positively influences consumers' willingness to pay a price premium.

The analysis conducted in this section highlights a strong conceptual linkage between brand experience, brand trust and willingness to pay a price premium. On the one hand, brand experience, elicited by physical brand events, is expected to enhance consumers' trust in the brand by reinforcing perceptions of credibility and reliability (H2a); on the other hand, higher levels of brand trust are associated with an increased willingness to pay a price premium (H2b). Brand trust is therefore expected to mediate the effect of brand experience on willingness to pay a price premium, leading to the following hypothesis:

H2: Brand trust mediates the positive effects of brand experience, elicited by physical brand events, on consumers' willingness to pay a price premium.

2.2.3 Brand Loyalty

Drawing from Keller's (2001) customer-based brand equity (CBBE) framework, brand resonance represents the highest level of brand building, reflecting the depth of the psychological bond between consumers and brands. Defined as "the nature of the relationship that customers have with the brand and the extent to which they feel that they are 'in synch' with the brand", brand resonance encompasses strong attachment, active engagement, and a high degree of loyalty (Keller, 2001). Brand loyalty thus emerges as a central expression of brand resonance and it is widely recognised as a key outcome of customer-based brand equity building efforts, capturing consumers' commitment to a brand and their tendency to maintain the relationship over time (Aaker, 1991).

This commitment – captured by Oliver's (1999) characterization of loyalty as "a deeply held commitment to repurchase a preferred product or service consistently in the future" – is best understood as multidimensional, combining attitudes, intentions, and behaviours that systematically favour a brand over its competitors (Desveaud et al., 2024). Specifically, attitudinal loyalty reflects a deeply held commitment and dispositional attachment toward a brand, behavioural loyalty refers to repeated purchase behaviour, and advocacy captures loyalty expressed through recommendation and word-of-mouth, representing its most intense form (Aaker, 1996b; Oliver, 1999; Chaudhuri & Holbrook, 2001; Gao & Shen, 2024). Thus, in the present study brand loyalty is conceptualized as a multidimensional construct encompassing attitudinal (also referred to as relational), behavioural, and advocacy (also referred to as social) components (Aaker, 1996b; Oliver, 1999; Chaudhuri & Holbrook, 2001).

From the experience-economy perspective, brand loyalty is further conceptualized as a key outcome of positive and memorable brand experiences (Pine & Gilmore, 1999; Schmitt, 1999). When consumers engage with a brand through physical events – such as flagship stores, pop-up events, or brand activations – they are more likely to develop long-term loyalty (Brakus et al., 2009). The brand experience elicited by these settings – encompassing sensory, affective, intellectual, and behavioural responses – does not constitute an emotional bond in itself; rather, its components accumulate over time to foster emotional attachment and, ultimately, strengthen brand loyalty (Brakus et al., 2009; Andreini et al., 2018).

In building brand loyalty, immersive physical settings are particularly powerful because they engage multiple sensory channels simultaneously; as a dimension of brand experience, sensory stimulation has been shown to exert both direct and indirect effects on loyalty (Brakus et al., 2009; Gao & Shen, 2024). Encounters such as themed retail environments or physical brand events enable consumers not only to purchase products but to experience the brand's identity and values in a tangible manner (Kozinets et al., 2002), leaving enduring memory traces and enhancing perceived value, which in turn support loyalty intentions (Brakus et al., 2009; Pina & Dias, 2021).

Empirical evidence further indicates that a meaningful and pleasurable brand experience cultivates loyalty over time by reinforcing consumers' commitment, first-choice preference, and willingness to recommend the brand (Ramaseshan & Stein, 2014; Khan & Fatma, 2017; Pina & Dias, 2021; Desveaud et al., 2024; Gao & Shen, 2024). These outcomes span the three dimensions of brand loyalty – attitudinal commitment, behavioural intentions, and advocacy – the latter extending beyond repurchase to include consumers' willingness to actively support and recommend the brand, the highest level of relational engagement (Aaker, 1996b; Keller, 2001).

The consistency of empirical findings across studies confirms that brand experience is a foundational antecedent of loyalty development within the CBBE framework (Brakus et al., 2009; Iglesias et al., 2011; Francisco-Maffezzolli et al., 2014; Pina & Dias, 2021). While prior research has modelled additional relational constructs as mediators of this relationship, the present study conceptualizes brand loyalty as a direct outcome of brand experience. Moreover, although previous studies emphasise the strength and durability of commitment once loyalty is established, they do not explicitly address the dynamic role of ongoing brand experience in shaping that commitment.

In contemporary markets characterised by high competition and constant exposure to alternative offerings, brand experiences may act as powerful situational influences: positive physical settings that stimulate sensory, affective, intellectual, and behavioural responses can enhance consumers' evaluative judgments and foster enduring psychological attachment (Brakus et al., 2009; Iglesias et al., 2011). Loyalty should therefore not be interpreted as entirely immune to contextual influences, but rather as continuously shaped by the evolving brand experience elicited through repeated experiential interaction.

The following hypothesis is therefore formulated:

H3a: Brand experience, elicited by physical brand events, positively influences brand loyalty.

Loyalty, in turn, yields several strategic advantages, among which the ability to command price premiums is one of the most economically significant (Keller, 1993). Within the CBBE framework, resonance and relational strength translate into greater behavioural stability and reduced vulnerability to competitive pricing pressure (Keller, 2001); as loyalty deepens, consumers become less price sensitive and more willing to pay the full price, and even a premium, for their preferred brand (Yoo et al., 2000). Willingness to pay a price premium has indeed been identified as one of the most robust indicators of brand loyalty and may represent the most reasonable summary measure of overall brand equity too (Aaker, 1996b).

The relationship between loyalty and willingness to pay therefore extends beyond simple brand preference, operating through several interconnected mechanisms. First, loyal consumers perceive greater value in their preferred brand, as brand experience reinforces relational commitment beyond purely functional considerations (Chaudhuri & Holbrook, 2001; Brakus et al., 2009): Chaudhuri and Holbrook (2001) show that attitudinal loyalty leads to higher relative prices, since emotionally committed consumers have greater confidence in the brand's ability to deliver consistent satisfaction and so attach less salience to price comparisons. Second, brand loyalty increases resistance to switching, because abandoning a brand means giving up not only functional benefits but also accumulated emotional and relational ones (Ramaseshan & Stein, 2014). As Netemeyer et al. (2004) note, willingness to pay a premium reflects consumers' readiness to tolerate price increases before considering switching. Loyalty therefore translates into lower price sensitivity and greater tolerance for premium positioning (Yoo et al., 2000).

Taken together, these arguments suggest that brand loyalty, in its attitudinal, behavioural, and advocacy dimensions, is a critical mechanism through which relational strength is converted into economic advantage: by strengthening psychological commitment, reducing the inclination to switch, and lowering price sensitivity, loyalty

enhances willingness to pay a price premium. The following hypothesis is therefore formulated:

H3b: Brand loyalty positively influences consumers' willingness to pay a price premium.

The analysis conducted in this section highlights how brand loyalty emerges as a critical relational outcome of brand experience and a key driver of consumers' willingness to pay a price premium (Aaker, 1996b; Yoo et al., 2000; Keller, 2001). Through its attitudinal, behavioural, and advocacy dimensions, loyalty captures the depth of the consumer-brand relationship that physical brand events can foster, and it is precisely this relational depth that reduces price sensitivity and enables price premium acceptance (Yoo et al., 2000; Chaudhuri & Holbrook, 2001; Netemeyer et al., 2004; Desveaud et al., 2024).

Taken together, the two preceding hypotheses describe a single mediating pathway: brand experience, elicited by physical brand events, strengthens brand loyalty (H3a), which in turn raises consumers' willingness to pay a price premium (H3b). This mediating role finds direct empirical support: Akram and Imran (2024) show that customer loyalty mediates the relationship between brand experience and willingness to pay a price premium. Brand loyalty is therefore conceptualized as a mediating variable, leading to the following hypothesis:

H3: Brand loyalty mediates the positive effects of brand experience, elicited by physical brand events, on consumers' willingness to pay a price premium.

2.2.4 Brand Familiarity as a Moderator of Brand Experience

Drawing on the seminal work of Alba and Hutchinson (1987), brand familiarity is defined as "the number of product-related experiences that have been accumulated by the consumer". These experiences encompass a broad spectrum of touchpoints, including exposure to brand advertisements, recognition of the brand name, interactions within brand-owned stores, and the actual purchase or usage of a brand's products (Alba & Hutchinson, 1987; Biswas, 1992). This accumulation results in a more sophisticated knowledge structure, encompassing both the objective information stored in memory and the subjective perception of what the consumer knows about the brand (Alba &

Hutchinson, 1987; Biswas, 1992). The depth of this accumulated knowledge determines the extent to which consumers rely on internalized brand knowledge rather than external cues when evaluating a brand – a distinction that becomes particularly relevant at physical brand events, since the brand experience they elicit may be processed differently depending on the depth of prior brand knowledge (Alba & Hutchinson, 1987).

Brand familiarity, however, does not always imply greater or more accurate knowledge, nor does it necessarily produce more positive brand evaluations (Biswas, 1992). Rather, it shapes how consumers process incoming brand information and respond to new market signals – a mechanism that directly conditions the impact of brand experience on consumer judgments (Biswas, 1992).

Brand familiarity is therefore modelled as a moderating variable that conditions the strength of the relationship between brand experience and two central CBBE dimensions, perceived uniqueness and brand trust, both of which are key antecedents of consumers' willingness to pay a price premium (Keller, 1993; Netemeyer et al., 2004).

Perceived uniqueness, defined as the degree to which consumers perceive a brand as different and distinctive within its competitive set, is a central component of brand meaning in the CBBE framework (Keller, 2001; Netemeyer et al., 2004). As discussed in H1a, physical brand events can strengthen uniqueness perceptions by enriching consumers' brand associations through direct experiential engagement (Brakus et al., 2009; Zarantonello & Schmitt, 2013). The extent to which this occurs, however, may vary with consumers' pre-existing level of brand familiarity. Consumers with high familiarity typically hold well-developed and relatively stable brand associations, which may limit the incremental effect of experiential cues on perceptions of uniqueness (Keller, 1993); consumers with low familiarity, by contrast, have less developed brand knowledge structures and rely more on newly available external information when forming judgments (Alba & Hutchinson, 1987).

In such conditions, physical brand events serve as a primary source of differentiating information, and the brand experience they elicit exerts a stronger influence on uniqueness perceptions – a pattern consistent with empirical evidence: Dawar and Lei (2009) show that unfamiliar brands are more susceptible to the influence of new

information, while Milberg et al. (2010) suggest that, under low-familiarity conditions, experiential cues prove more diagnostic in competitive evaluation contexts.

The following hypothesis is therefore formulated:

H4a: Brand familiarity moderates the relationship between brand experience, elicited by physical brand events, and perceived uniqueness, such that the effect is stronger when brand familiarity is low.

Brand familiarity further conditions the relationship between brand experience and the second CBBE dimension under examination, brand trust. Brand trust – consumers' willingness to rely on the brand's ability to perform its stated function – is a key mechanism through which consumers reduce uncertainty and perceived risk (Chaudhuri & Holbrook, 2001; Keller, 2001), and prior research links it closely to how familiarity shapes the processing of new brand information (Milberg et al., 2010). When familiarity is low, consumers hold weaker pre-existing beliefs and rely more on newly available cues when forming judgments (Alba & Hutchinson, 1987); consistent with this, brand-crisis research shows that unfamiliar brands are more strongly affected by new information, because it becomes more diagnostic and central in the judgment process (Dawar & Lei, 2009). Ramaseshan and Stein (2014) likewise note that even a first interaction makes consumers more knowledgeable about the brand, enhancing trust

Physical brand events – through the sensory, affective, intellectual, and behavioural responses they elicit – may therefore act as trust-building signals, though the strength of this mechanism should differ with familiarity. When consumers are highly familiar with a brand, trust is likely to be relatively stable and less sensitive to incremental experiential stimuli, and may even buffer new cues (Ha & Perks, 2005). For low-familiarity consumers, by contrast, the brand experience elicited by physical brand events carries greater informational value and exerts a stronger influence on trust formation (Alba & Hutchinson, 1987; Dawar & Lei, 2009; Milberg et al., 2010).

Although prior research has not directly examined brand familiarity as a moderator of the relationship between brand experience and brand trust, literature demonstrates that familiarity influences how consumers process new information and rely on external cues when forming brand evaluations to reduce perceived brand-related risk (Alba &

Hutchinson, 1987; Dawar & Lei, 2009). On this basis, the following hypothesis is formulated:

H4b: Brand familiarity moderates the relationship between brand experience, elicited by physical brand events, and brand trust, such that the effect is stronger when brand familiarity is low.

Taken together, H4a and H4b suggest that brand familiarity conditions the extent to which brand experience translates into stronger perceptions of uniqueness and trust: physical brand events may be especially effective in shaping these CBBE dimensions among consumers who have not yet developed stable brand beliefs, since the brand experience they elicit fills a knowledge gap that prior familiarity cannot (Alba & Hutchinson, 1987; Dawar & Lei, 2009; Milberg et al., 2010).

2.2.5 Price Sensitivity as a Moderator of Brand Loyalty

In increasingly competitive markets characterised by a growing heterogeneity of consumers but a relative homogeneity of product offerings, customers' subjective perception of value becomes a critical element in shaping purchase decisions (Iglesias et al., 2011; Pine & Gilmore, 2011). In such contexts, price emerges as one of the most influential variables affecting not only consumers' decision-making but also firms' profitability, creating significant challenges for managers when determining optimal pricing strategies (Nagle & Müller, 2018; Simon & Fassnacht, 2019).

Effective pricing requires moving beyond the traditional use of revenues and sales as sole performance criteria, toward a deeper understanding of how consumers evaluate and respond to price information (Ramirez & Goldsmith, 2009). Pricing research emphasises that willingness to pay is influenced not only by objective product value but also by the psychological and relational factors that shape how consumers perceive price fairness and sacrifice (Hinterhuber & Liozu, 2018; Simon & Fassnacht, 2019). When consumers perceive a brand as delivering superior value, or develop strong emotional and relational ties with it, they tend to tolerate higher prices and show lower sensitivity to price changes (Baker et al., 2010).

More precisely, price sensitivity can be defined as "the extent to which consumers focus on and respond to price information when forming purchase evaluations and decisions" (Lichtenstein et al., 1993). Consumers with high price sensitivity place greater emphasis on the monetary sacrifice involved in a transaction, whereas consumers with low price sensitivity focus more on the value and benefits associated with a product or brand (Goldsmith & Newell, 1997).

Within the branding literature, brand loyalty has consistently been identified as a key driver of reduced price sensitivity (Yoo et al., 2000; Nagle & Holden, 2002; Dwivedi et al., 2018). As loyalty deepens, consumers become less attentive to price differences and less inclined to search for cheaper alternatives, particularly when options are hard to compare and a known or reputable brand is perceived as the safest choice (Nagle & Holden, 2002). Yoo et al. (2000) argue that brand-loyal consumers are willing to pay the full price for their preferred brand because they are less sensitive to price compared with non-loyal consumers. In other words, loyalty reduces the perceived importance of price in purchase decisions.

This pattern is especially salient in premium contexts, where differentiation and strong consumer-brand relationships lead consumers to accept higher prices as a justified exchange for the benefits they perceive (Nagle & Holden, 2002; Dholakia, 2017). Consumer-brand relationship research adds that, as loyalty deepens, consumers come to treat the brand as a relational partner and accept higher prices as part of sustaining that relationship (Dwivedi et al., 2018).

Building on this reasoning, price sensitivity is expected to moderate the strength of the relationship between brand loyalty and willingness to pay a price premium. While loyal consumers generally show greater willingness to pay for their preferred brand, this effect is expected to be stronger among consumers with low price sensitivity, who place less emphasis on the monetary sacrifice involved in the purchase.

The following moderating relationship is therefore proposed:

H5: Price sensitivity moderates the relationship between brand loyalty and willingness to pay a price premium, such that the effect is stronger when price sensitivity is low.

2.3 Integrating the Hypothesis into a Mediation Model

The three hypothesis blocks developed – H1, H2, and H3 – are not intended to be interpreted as three isolated explanatory mechanisms. Rather, they jointly define a multiple parallel mediation model in which brand experience influences consumers' willingness to pay a price premium through three mediating pathways, each corresponding to a distinct CBBE dimension (Hair et al., 2017). In conceptual terms, the model assumes that brand experience does not affect willingness to pay a price premium through an immediate or mechanical reaction; its effect is expected to operate, instead, through a set of intermediate brand-related evaluations and relational outcomes belonging to the broader CBBE framework.

The multiple parallel mediation model is therefore composed of three specific indirect paths. The first path, represented by perceived uniqueness (H1) as a mediator, captures whether brand experience strengthens the distinctiveness of the brand in consumers' minds (H1a) and, through this process, increases their acceptance of price premium (H1b). The second path, represented by brand trust (H2) as a mediator, captures whether brand experience reduces uncertainty and enhances consumers' confidence in the brand (H2a), thereby favouring higher price acceptance (H2b). The third path, represented by brand loyalty (H3) as a mediator, captures whether brand experience reinforces consumers' psychological attachment and relational commitment to the brand (H3a), leading in turn to a greater willingness to tolerate higher prices (H3b). Each of these specific indirect effects is estimated simultaneously within a single model, consistent with the recommendations of Hair et al. (2017) for multiple mediation analysis in PLS-SEM.

Taken together, these three mechanisms operationalize the central proposition of the thesis: the economic value of brand experience should not be examined only at the level of the final willingness to pay outcome, but should be understood through the CBBE dimensions that translate brand experience into economic value. A visual summary of all hypotheses is provided in Appendix 1.

3. Methodology and Data Collection

Chapter 2 developed a multiple parallel mediation model in which brand experience, elicited by physical brand events, influences consumers' willingness to pay a price premium through perceived uniqueness, brand trust, and brand loyalty, with brand familiarity and price sensitivity operating as moderating variables. Testing this model empirically requires methodological choices that can accommodate the latent nature of the constructs, the complexity of the hypothesized mediation and moderation structure, and the practical constraints of studying consumer responses to physical brand events at scale.

This chapter describes the methodological approach adopted to meet these requirements and it is structured as follows. First, the research approach and study design are presented. Second, the use of Artificial Intelligence tools during the thesis process is declared. Third, the study context and the development of the physical brand event scenario used to elicit brand experience are described. The questionnaire structure and the measurement scales used to operationalize the constructs are then presented. Lastly, the chapter discusses the sampling procedure, data collection process, data-cleaning criteria, sample characteristics, and preparation of the dataset for the empirical analysis.

3.1 Methodology

3.1.1 Research Approach and Study Design

To investigate the proposed research question, the study adopts a quantitative, cross-sectional, scenario-based survey design. The constructs under investigation – brand experience, perceived uniqueness, brand trust, brand loyalty, and willingness to pay a price premium – are latent consumer-side variables whose measurement requires validated reflective multi-item scales and whose hypothesized relationships are compatible with statistical testing through structural equation modelling (Hair et al., 2017).

Data were collected through a structured questionnaire, which enables the simultaneous measurement of multiple latent constructs across a sample sufficiently large for the application of PLS-SEM. A scenario-based structure was adopted to address a fundamental challenge in brand experience research: the constructs of interest cannot

be observed in a controlled laboratory setting, while recall-based approaches introduce memory biases and confound the focal event with respondents' broader brand-interaction histories. By exposing all participants to the same imagined physical brand event, the design standardizes the experiential stimulus and isolates the mechanisms of interest. This choice allows the study to examine how brand experience, elicited by a hypothetical physical brand event, translates into CBBE outcomes and ultimately into willingness to pay a price premium, without the variability that individual event recall would introduce. The cross-sectional structure follows from the same logic: since the study captures consumer responses to a specific experiential stimulus at a single point in time, a longitudinal design is not required here.

In the present research, the individual consumer is the unit of analysis. This choice is consistent with previous brand experience and customer-based brand equity research, where the focus is on consumers' subjective responses to brand-related stimuli and on the meanings, evaluations, and relational outcomes formed in consumers' minds (e.g., Chang & Chieng, 2006; Brakus et al., 2009; Zarantonello & Schmitt, 2013).

The questionnaire was administered via Qualtrics, a platform widely used in academic survey research that supports timers, forced-response settings, and conditional survey flows. These features were particularly relevant to the scenario-based design since the conditional flows ensured that all respondents completed the stimulus material before proceeding to the measurement items, while timers and forced-response settings reduced the risk of inattentive responding and item non-response. In Qualtrics, the questionnaire was first developed in English and subsequently translated into Italian to ensure accessibility for the target sample; the translation prioritized semantic equivalence with the validated original scales, since the psychometric properties of the instruments are established for their English-language versions.

3.1.2 Declaration of Artificial Intelligence Tools Adoption

In compliance with Ca' Foscari University of Venice's guidelines on the responsible and transparent use of Artificial Intelligence tools in academic work, this section provides a clear account of the AI-based tools employed during the preparation of the thesis and the purposes for which they were used.

Two generative artificial intelligence tools were used during the research process, namely ChatGPT and Claude. Their use was limited to the three support activities described below and did not replace the author's independent research, critical evaluation, data collection, statistical analysis, or interpretation of the results; all AI-assisted outputs were critically reviewed, revised, and verified by the author before being included in the final version of the thesis. First, ChatGPT was used to support the creation of the visual material included in the questionnaire to represent the imagined physical brand event, with the final visual stimulus selected and evaluated by the author to ensure coherence with the research objective and with the event scenario presented to respondents. Second, ChatGPT was used to help check the clarity and consistency of the data analysis interpretation, after the statistical analysis had been conducted by the author using SmartPLS 4; specifically, the tool was used to verify whether the explanations of the measurement model, structural model, mediation analysis, moderation analysis, and the two operationalizations of willingness to pay a price premium were coherent with the statistical outputs and accurate in their interpretation. Third, both ChatGPT and Claude were used for language support - including the identification of grammatical errors, syntactic issues, and unclear formulations across the thesis - limited to improving the clarity, readability, and academic style of the text.

ChatGPT and Claude were not used to autonomously generate the theoretical framework, select academic sources, replace the literature review process, collect data, manipulate the dataset, conduct the statistical analysis, or produce the final empirical results or text. The author remains fully responsible for the content, interpretation, and originality of the thesis.

3.2 Study Context and Experiential Stimulus Development

3.2.1 Brand Selection: Nespresso

The selection of Nespresso as the brand stimulus in the questionnaire development was guided by criteria directly linked to the theoretical and methodological requirements of the present study.

Nespresso is a well-established company operating in the coffee capsule industry and has a strong presence across several international markets. As a brand operating in a mature market, brand awareness is already established among the target population – a condition that allows the study to focus on higher-order equity dimensions such as perceived uniqueness, brand trust, and brand loyalty, rather than on the prior stage of brand building (Keller, 2001). Consequently, the use of Nespresso ensures that respondents can engage with higher-order brand associations without the need for basic brand awareness cues (Matzler et al., 2013; Brem et al., 2016). Furthermore, Nespresso pursues a premium positioning in a low-involvement product category – a context in which willingness to pay a price premium is a particularly relevant and observable outcome. The implementation of a premium pricing strategy is a structural feature of Nespresso's competitive positioning, making the brand an appropriate context for examining whether brand experience can sustain consumers' acceptance of price premiums.

Additionally, Nespresso actively invests in physical brand events as part of its marketing strategy - including in-store masterclasses and coffee laboratories, gastronomic collaborations in restaurants, flagship bars in major cities, and pop-up events linked to sustainability initiatives. Its experiential formats explicitly emphasise product expertise, quality, uniqueness, and sustainability – constructs that map directly onto the CBBE dimensions examined in the present study. Previous research has described Nespresso as a brand that has contributed to transforming coffee from a simple product into a lifestyle-oriented offering and the act of drinking coffee into a more experiential practice (Matzler et al., 2013; Brem et al., 2016), reinforcing its suitability as a study context for the present research.

Furthermore, Nespresso's broad cross-demographic recognition and relative gender-neutrality allowed the questionnaire to be administered across different age and gender groups without introducing systematic sampling biases related to brand appeal.

Taken together, all the just described characteristics make Nespresso a particularly appropriate brand stimulus for the present study. Specifically thanks to its established equity and stable market position satisfy the CBBE framework's assumption of prior awareness; its premium positioning renders willingness to pay a price premium a meaningful and interpretable outcome; its active physical brand event strategy provides ecological validity to the scenario-based design to elicit brand experience; and its broad cross-demographic recognition supports the representativeness of the sample.

Nespresso functions here as a brand stimulus rather than a case study subject, and the findings are not intended to be specific to the coffee industry. Rather, the study aims to generate insights applicable to premium brands operating in low-involvement product categories within mature markets more broadly.

3.2.2 Experiential Scenario and Visual Stimulus

The scenario-based design described in Section 3.1.1 was operationalized through a two-component stimulus: a standardized textual description of a hypothetical Nespresso physical brand event, followed by an AI-generated visual representation. This combination ensured that all respondents – regardless of prior familiarity with the brand or its physical events – were exposed to a consistent and comparable experiential scenario before completing the measurement items.

The stimulus was inspired by actual initiatives implemented by Nespresso – to ensure a high level of realism – and was designed to incorporate the four dimensions of brand experience identified by Brakus et al. (2009): sensory, affective, intellectual, and behavioural responses. The objective was to examine how brand experience, elicited by a hypothetical physical brand event, may influence consumers' willingness to pay a price premium through its effect on perceived uniqueness, brand trust, and brand loyalty. In addition, the moderating roles of brand familiarity and price sensitivity were further accommodated by this design: Nespresso's established market position generates natural variation in familiarity levels across respondents, while its premium positioning renders price sensitivity a contextually relevant individual-level variable.

The proposed scenario follows a structured four-stage flow, with the objective of guiding respondents in imagining their participation in a physical Nespresso event. After a brief introduction to the brand, the first stage – labelled "Origins and Aromas of Coffee" – presents a guided visual and sensory journey across coffee-growing regions led by a Nespresso expert. The second stage – "Smell, Touch and Select Your Coffee" – invites participants to actively explore different coffee beans and blends, engaging directly with the product. In the third stage – "Tasting Experience" – respondents are asked to imagine tasting their selected coffee while receiving guidance on how to replicate the experience at home. Finally, the fourth stage – "Learning about Sustainability" – introduces a symbolic activity in which participants create a keychain from recycled coffee capsules, reinforcing the brand's sustainability commitment. During the entire physical event, the atmosphere and the activities were designed to elicit affective responses in general while specifically: the first activity was used to elicit sensorial and intellectual responses, the second and the third to elicit sensorial and intellectual responses, while the last activity to elicit intellectual and behavioral responses.

The full text used in the questionnaire is reported in Table 3, organised into the introductory section and the four stages described above. To ensure transparency and replicability, the Italian version of the questionnaire is provided in Appendix 2.

The textual description was complemented by an AI-generated visual representation of the proposed brand event, created using ChatGPT's image generation capabilities, allowing textual inputs to be transformed into visual content. The text reported in Table 3 served as the basis for image generation, complemented by additional instructions regarding the setting, participants, colours, and contextual elements. This process resulted in a set of four images corresponding to the four stages of the proposed scenario, as illustrated in Figure 6. Although more advanced image-generation tools are available, the objective was not to produce a highly detailed or photorealistic representation of a real Nespresso event, but rather to support respondents' imagination of the scenario and reduce variability in individual interpretations.

The same visual stimulus was used in the Italian version of the questionnaire, with textual labels translated consistently with the wording reported in Appendix 2.

Table 3. Brand Experience text in the questionnaire. Source: The author

Stage	Text
Introduction	Nespresso is an established brand operating in the coffee market since 1986. The company regularly organises immersive coffee experiences and masterclasses designed to engage participants through tasting, learning, and interactive brand activities. Please imagine that you are personally attending a new Nespresso immersive event in a physical location. During the event, you will participate in the following experiences, presented in this order.
Stage 1: Origins and Aromas of Coffee	Upon entering the event space, you are welcomed by a Nespresso expert who guides you through a visual and sensory journey across the world's coffee-growing regions. You are introduced to the geographical origins of Nespresso coffee and to the distinctive aromatic profiles associated with each blend. The expert explains what makes each coffee variety unique in terms of sourcing, cultivation, and flavour characteristics.
Stage 2: Smell, Touch and Select Your Coffee	You are invited to actively explore different coffee beans and blends more closely. You can observe the beans, smell different aromatic notes, and interact with the available blends in order to compare their characteristics. Through this sensory exploration, you select the coffee that best matches your personal preferences.
Stage 3: Tasting Experience	You taste the selected coffee, guided by Nespresso experts who explain flavour intensity, texture, preparation methods, and tasting notes. You also receive practical advice on how to recreate the same tasting experience at home using Nespresso products.
Stage 4: Learning about Sustainability	At the end of the event, you are informed about Nespresso's sustainability initiatives, including responsible sourcing, capsule recycling programs, and environmental commitments. You are shown how used capsules are recycled and transformed into new materials. As a symbolic activity, you are invited to create a small keychain made from a recycled Nespresso capsule used during the event, as a tangible memory of the experience.



Figure 6. Brand Experience Example Images (AI generated). Source: The author; Software: ChatGPT

3.3 Questionnaire Structure and Measurement Scale

3.3.1 Questionnaire Structure

The questionnaire followed a five-section sequential structure, designed to minimize response bias and ensure that all respondents were exposed to the stimulus material before completing the measurement items.

The opening section presented the informed consent statement, informing respondents that participation was voluntary, that their identities would remain anonymous, and that the collected data would be used exclusively for research purposes. Participants who agreed were then asked to answer a screening question designed to ensure that only respondents with at least some experience of drinking coffee at home were included in the analysis. This criterion was applied because the scenario involves product tasting and quality evaluation, which require basic familiarity with coffee consumption to be meaningful. Data from respondents who did not meet this requirement were labelled as "Screened-Out". An additional question was included to assess whether respondents had previously participated in physical brand events, providing contextual

information about their prior experiential engagement without conditioning their eligibility to participate.

The second section delivered the standardized scenario stimulus. Participants were first introduced to the brand event through the textual description and then shown the AI-generated visual representation developed in the previous section. To encourage careful attention to the visual material, a twenty-second timer was implemented preventing progression until the time had elapsed. This choice ensured that all respondents were exposed to the same controlled experiential stimulus, rather than drawing on different personal event histories, strengthening the comparability of responses across the sample.

The third section measured the study constructs in an order designed to reduce response bias. The dependent variable – willingness to pay a price premium – was measured first, in line with common practice in survey-based research, through four items using both Likert-scale and open-ended formats. No information was provided regarding the average market price of coffee capsules in Italy, in order to reduce potential anchoring or reference-price; although this decision limits response bias, it may have slightly reduced accuracy among respondents who do not regularly purchase coffee capsules. The moderating variables were measured next – before the independent variable – to avoid priming effects: presenting brand experience items prior to price sensitivity and brand familiarity measures could have led respondents to evaluate those constructs through their lenses. Price sensitivity was assessed using three closed-ended items, while brand familiarity was measured through one closed-ended item. Brand experience, the independent variable, was then operationalized according to the four dimensions identified by Brakus et al. (2009) – sensory, affective, intellectual, and behavioural – with two closed-ended items per dimension anchored to the hypothetical Nespresso scenario. Subsequently, the three mediating constructs – perceived uniqueness, brand trust, and brand loyalty – were assessed through validated multi-item scales measuring respondents' perceptions and relational evaluations following exposure to the scenario.

Before the final section, an attention check was embedded to support response quality. Respondents were instructed to select the number six on a seven-point Likert scale; those who failed were excluded and labelled as "Poor Survey Quality."

The final section was devoted to the collection of demographic information – gender, age, nationality, education level, and employment status – to describe the sample, assess

comparability with prior research, and study potential heterogeneity across respondents. These items were placed at the end of the questionnaire to avoid priming respondents to evaluate the brand through the lens of their demographic identity before completing the substantive measures. Income was not included, as the study focuses on willingness to pay a price premium as a perception-based construct rather than on objective purchasing power; in a low-involvement product category such as coffee capsules, price-related perceptions are not necessarily a direct function of income level.

3.3.2 Measurement Scales

The constructs investigated in this study are latent and cannot be measured directly; they are therefore operationalized through observable indicators that serve as empirical proxies, each capturing a specific manifestation of the broader abstract concept (Hair et al., 2017). The complete set of measurement scales adopted in this study is reported in Table 4, comprising 27 items across 10 constructs.

All scales were derived from previously validated instruments to ensure reliability and construct validity. In most cases, only minor wording adjustments were introduced to align items with the research context while preserving the original meaning; in a limited number of cases, more substantive adaptations were required and are accurately described in this chapter.

Each latent construct was measured with a multi-item reflective scale, the only exception being brand familiarity, which was operationalized with a single item. Multiple items per construct are preferable because they reduce random measurement error – the discrepancy between a construct's true value and its observed score – and improve the precision and stability of the estimates (Hair et al., 2017). This choice was supported by evidence indicating that concrete and unidimensional constructs can be reliably assessed with single indicators when the conceptual domain is sufficiently narrow (Bergkvist & Rossiter, 2007).

The majority of items were measured using a seven-point Likert scale, ranging from 1 ("strongly disagree") to 7 ("strongly agree"). A seven-point format was preferred over shorter scales for its greater response granularity in detecting variation in latent constructs – a choice consistent with common practice in brand equity and consumer

behaviour research. Response categories were coded as equidistant and the midpoint was explicitly labelled as 4 ("Neutral") to preserve scale symmetry and allow respondents to express neither agreement nor disagreement when appropriate.

Brand experience, the independent variable, was operationalized using the four-dimensional scale developed by Brakus et al. (2009) – sensory, affective, intellectual, and behavioural – shortened to reduce survey completion time and improve clarity. Items with reverse coding were excluded to avoid measurement inconsistencies, resulting in two positively formulated items per dimension and eight items in total (Table 4). The original wording "This brand" was replaced with "This experience by Nespresso" to ensure alignment with the scenario-based context. Consistent with the original instrument, a seven-point Likert scale was employed.

The three mediating constructs were measured using the same seven-point Likert scale, drawing on different validated sources that reflect their distinct conceptual foundations within the CBBE framework; in each case, only minor wording adjustments were introduced to fit the research context.

Perceived uniqueness was measured using the scale validated by Netemeyer et al. (2004), with no structural changes to the items; only minor adaptations were introduced, replacing "brand name" with "Nespresso" and "product" with "coffee."

Brand trust was measured using the validated scale developed by Chaudhuri and Holbrook (2001), with "brand" substituted by "Nespresso" to reflect the research context.

Brand loyalty was measured using items drawn from multiple sources, reflecting its multidimensional nature encompassing attitudinal, behavioural, and advocacy components. The first item, capturing the attitudinal dimension, was adapted from Chaudhuri and Holbrook (2001): of the two original items – "I am committed to this brand" and "I would be willing to pay a higher price for this brand over other brands" – only the first was retained, as the second overlaps conceptually with the dependent variable willingness to pay a price premium. The second item, derived from Yoo and Donthu (2001), captures the behavioural dimension through "X would be my first choice," allowing identification of consumers' preference and switching tendencies. The third item, adapted from Aaker (1996b), measures the advocacy dimension through "I would recommend the product or service to others," reflecting the highest level of relational

engagement which is particularly relevant in the context of brands in mature markets where relational strength extends beyond purchase behaviour to active brand support.

Brand familiarity was included as a moderating variable and was measured using a single item adapted from Netemeyer et al. (2004) and maintaining the seven-point Likert scale for consistency. In this case, "brand name" was replaced with "Nespresso" and "product category" with "coffee".

Price sensitivity was included in the analysis as a second moderating variable, measured using the scale developed by Ramirez and Goldsmith (2009), adapted by replacing references to clothing with references to coffee to ensure consistency with the study context. The original five-point scale was converted to a seven-point Likert scale to maintain measurement consistency across constructs. The first item – "I am less willing to buy Nespresso coffee if I think it will be high in price" – is worded in the opposite direction relative to the other items in the scale and was therefore reverse-coded prior to data analysis.

The dependent variable, willingness to pay a price premium, was operationalized primarily based on Netemeyer et al. (2004), though it required more detailed adaptation than the other constructs. The first two items were measured using the standard seven-point Likert scale, with minor wording adjustments to ensure consistency with the context of the present study. The third indicator was also derived from Netemeyer et al. (2004), who originally conceptualized it using Likert-type measures; in the present study, however, it was operationalized using a percentage-based multiple-choice question to capture respondents' relative willingness to pay a price premium. Given the number of constructs and indicators included in the survey, this format was selected to reduce completion time and preserve respondents' attention and data quality, rather than adopting the original seven-point Likert scale for each percentage increase in willingness to pay; the item was subsequently recoded into a seven-point Likert scale² preserving the ordinal nature of the measure while aligning it with the scaling of the remaining variables. The fourth original item – 'I am willing to pay a lot more for (brand name) than other brands of (product category)' – was excluded as redundant with this percentage-based

² The response categories were transformed as follows: 0% = 1, 5% = 2, 10% = 3, 15% = 4, 20% = 5, 25% and 30% = 6, and values above 30% = 7.

indicator, which captures the same underlying idea, willingness to pay more than other brands, with greater measurement precision. Although this operationalization differed from the original measurement approach, it maintained the underlying conceptual meaning of willingness to pay a price premium while improving comparability, simplicity, and coherence within the measurement model.

Lastly, an additional open-ended item – not derived from Netemeyer et al. (2004) – was included to capture respondents' maximum willingness to pay without constraining responses to predefined categories, generating continuous data consistent with the standard economic definition of WTP as the maximum price at which a consumer would purchase a product (Dholakia, 2017; Miller et al., 2011).

In the subsequent analysis, the first model based on three multi-item measures – labelled 3-Items WTP – will be examined separately from the single-item one – labelled Open-Ended WTP – to allow comparison across operationalizations and provide a more comprehensive assessment of price premium acceptance. The combination of closed-ended and open-ended measures enables a distinction between relative price premium intentions and absolute monetary valuation, strengthening construct validity and providing a more comprehensive assessment of willingness to pay a price premium.

Since the questionnaire was administered in both Italian and English, Table 4 has been translated into Italian and is provided in Appendix 3. Consistent with the translation approach described in Section 3.1.1, particular care was taken to preserve the semantic equivalence of each item with its original validated wording, ensuring full comparability between the two language versions.

Table 4. Measurement scales. Source: The author

Construct		Item	Source
Brand Experience	Sensory Brand Experience	1. This experience by Nespresso makes a strong impression on my senses (sight, sound, smell, touch, taste)	Brakus et al. (2009) Seven-point Likert scale
		2. I find this experience by Nespresso interesting in a sensory way	
	Affective Brand Experience	1. This experience by Nespresso induces feelings and sentiments.	
		2. This experience by Nespresso generates positive emotions towards the brand	
	Behavioural Brand Experience	1. Nespresso results in bodily experiences.	
		2. I feel to be motivated to take action related to Nespresso during or after the experience.	
	Intellectual Brand Experience	1. This experience by Nespresso stimulates my curiosity and problem solving	
		2. I engage in a lot of thinking during the experience by Nespresso	
Perceived Uniqueness		1. Nespresso is “distinct” from other brands of coffee	Netemeyer et al. (2004) Seven-point Likert scale
		2. Nespresso really “stands out” from other brands of coffee	
		3. Nespresso is very “different” from other brands of coffee	
		4. Nespresso is “unique” from other brands of coffee	
Brand Trust		1. I trust Nespresso	Chaudhuri & Holbrook (2001) Seven-point Likert scale
		2. I rely on Nespresso	
		3. Nespresso is an honest brand	
		4. Nespresso is safe	
Brand Loyalty		1. I am committed to Nespresso	Chaudhuri & Holbrook (2001) Seven-point Likert scale

	2. Nespresso would be my first choice	Yoo & Donthu (2001) Seven-point Likert scale
	3. I would recommend Nespresso to others	Aaker (1996b) Seven-point Likert scale
WTP a Price Premium (3-Items WTP)	1. The price of Nespresso would have to go up quite a bit before I would switch to another brand of coffee	Netemeyer et al. (2004) Seven-point Likert scale
	2. I am willing to pay a higher price for Nespresso brand of coffee than for other brands of coffee.	
	3. I am willing to pay ___% more for this brand over other brands of the same category: 0% 5% 10% 15% 20% 25% 30%, or more.	
WTP a Price Premium (Open-Ended WTP)	1. Please indicate the maximum price (in €) you would be willing to pay for a Nespresso's coffee capsule after the experience	The author Open-ended
Brand Familiarity	1. Nespresso is a brand of coffee I am very familiar with.	Netemeyer et al. (2004) Seven-point Likert scale
Price Sensitivity	1. I am less willing to buy Nespresso coffee if I think it will be high in price	Ramirez & Goldsmith (2009) Seven-point Likert scale
	2. Really good coffee is worth spending a lot of money for	
	3. I don't mind spending a lot of money to buy coffee	

3.4 Data Collection and Sample Analysis

3.4.1 Pre-test and Sampling Technique

Before distributing the questionnaire, a small pre-test was conducted to identify potential errors, assess possible difficulties in understanding the questions, and verify the clarity of the multiple-choice response formats. The pre-test was also used to evaluate whether the estimated completion time of approximately ten minutes was realistic. A printed version of the questionnaire was first provided to a convenience sample of individuals, who were asked to carefully review the questionnaire and highlight any issues related to wording, clarity, or structure. After this review, they completed the online questionnaire while recording the time required to finish it. As explained to participants before the pre-test, the objective of this process was to ensure that the final questionnaire would be as clear and accessible as possible to respondents with different levels of familiarity with the research topic, the brand and the industry sector. One potential issue that emerged from the pre-test concerned the open-ended question measuring willingness to pay a price premium, as some participants noted the absence of a reference price. This feedback was not fully adopted, since the decision not to provide a reference price was made to avoid potential anchoring bias. However, to reduce the risk of unrealistic responses and extreme outliers, the Qualtrics settings were adjusted to restrict possible answers to a range between €0 and €5, with a maximum of two decimal places.

Overall, the pre-test indicated that the questionnaire was clear and easy to understand. Participants reported that the use of visual images helped them interpret and imagine the event scenario. Furthermore, the seven-point Likert scale was considered appropriate for expressing evaluations, and the attention check question was perceived as clear. Lastly, it was confirmed that all questions were appropriate in length and did not raise privacy concerns, including in the demographic section.

After the pre-test, the questionnaire was published on Tuesday, 10 March 2026, and distributed through an anonymous Qualtrics link shared via Instagram, Facebook and WhatsApp; respondents were also invited to share it further with friends and acquaintances. This data collection method can be classified as snowball sampling, whereby an initial group of participants is identified and the sample is then expanded

through their personal networks, provided that the additional respondents qualify as members of the target population – namely, individuals who drink coffee at home.

Snowball sampling was selected as the preferred method for this research given the dispersed and self-selecting nature of the target population, which makes probability-based sampling impractical; relying on social connections, this technique can also facilitate trust and increase response rates (Atkinson & Flint, 2001). Furthermore, online social networks facilitate the rapid diffusion of survey links, allowing the sample to grow organically. At the same time, this approach may introduce biases, since participants tend to recruit individuals within their own social circles, which can reduce sample representativeness and limit generalizability (Marcus et al., 2017). Despite these limitations, snowball sampling was considered appropriate for the exploratory nature of the present study and for efficiently reaching individuals who drink coffee at home.

The questionnaire was closed on 23 March 2026, after having collected 216 responses.

3.4.2 Data Cleaning and Final Sample

Data collected through the Qualtrics survey generated a total of 216 responses, which were then subjected to a multi-stage cleaning procedure designed to ensure the quality and reliability of the final dataset. The first stage of data cleaning concerned incomplete responses and screening criteria. Eight respondents opened the questionnaire but did not proceed to the first section, resulting in 208 respondents answering the screening question. Among these, 27 participants (13%) indicated that they did not consume coffee either at home or in other households and were therefore classified as "Screened-Out." Consequently, 181 respondents (87%) were considered eligible to proceed with the study. A further reduction occurred in the stimulus section, where respondents were exposed to the textual and visual description of the brand event. Of the 181 eligible respondents, 130 proceeded beyond this section, resulting in a drop-out of 51 participants (28%). This reduction may be partially attributed to the effort required to read the event description and to the twenty-second timer implemented to ensure adequate attention to the visual stimulus. Although this drop-out reduced the sample size, it also contributed to data quality by retaining respondents who were sufficiently willing

to engage with the scenario. During the third section, dedicated to the measurement of the study variables, 11 additional participants did not complete the questionnaire, leaving 119 respondents who reached the attention check. Of these, 104 correctly answered the control question by selecting the number six on the seven-point Likert scale. while the remaining 15 failed it and were excluded, classified as "Poor Survey Quality." As expected, most of the respondents who failed the attention check selected the midpoint option ("Neutral" corresponds to number 4).

Table 5 provides a summary of the data collection and screening process. It should be noted that respondents who did not pass the screening question are labelled as "Screened-Out," while those who failed the attention check are classified as "Poor Survey Quality".

Table 5. Number of participants in questionnaire sections. Source: The author

Section	Stage Description	N. of respondents
Initial Access	Total questionnaire opened	216
	Drop-out in this section	(8)
	Passing to Section 1	208
Section 1 – Screening	Screened-Out	(27)
	Eligible respondents to Section 2	181
Section 2 – Stimulus	Drop-out in this section	(51)
	Passing to Section 3	130
Section 3 – Variables measurements	Drop-out in this section	(11)
	Passing to Section 4	119
Section 4 – Attention check	Poor Survey Quality	(15 ³)
	Good quality	104
	Final sample	104

³ 1 participant answered 1; 0 participants answered 2; 0 participants answered 3; 11 participants answered 4; 2 participants answered 5; 1 participant answered 7

After the screening and attention check procedures, 104 responses were initially considered valid. Before proceeding with the PLS-SEM analysis, the dataset was further examined for data quality. The first check concerned missing values, which did not represent an issue as Qualtrics was configured to require responses to all questions. Subsequently, suspicious response patterns were addressed through the attention check described above, which targeted straight-lining – a common issue defined as the tendency to select the same response option across multiple items without careful consideration (Hair et al., 2017). In this study, such behaviour was addressed through the inclusion of the attention check, which required respondents to select the number six on a seven-point Likert scale - this choice represents an unlikely response pattern and therefore allows for the identification of inattentive participants, who tend to select more neutral or extreme values such as 1, 4, or 7 (Hair et al., 2017).

Finally, the presence of extreme values was examined, particularly for the open-ended willingness-to-pay item. Outliers – defined as observations exhibiting unusually high or low values relative to the rest of the dataset – can distort statistical analysis, particularly when using techniques such as Ordinary Least Squares (OLS). Four questionnaires were excluded from the final sample due to extreme values in the willingness-to-pay variable that were incompatible with the corresponding closed-ended question. As a result, the final sample used for the subsequent analysis consisted of 100 valid responses.

3.4.3 Sample Demographic Distribution and Background Characteristics

All 104 respondents who passed the attention check completed the demographic section of the questionnaire; however, four of them were subsequently excluded from the analysis due to extreme values in the willingness-to-pay item, resulting in a final sample of 100 respondents, whose demographic characteristics are reported below. Table 6 presents a summary of the main demographic variables investigated, namely gender, age, nationality, education level, and employment status. For each variable, both the absolute frequency and the corresponding percentage relative to the valid sample (N = 100) are reported.

Table 6. Demographic distribution. Source: The author

	N. of participants	%
Gender		
Male	33	33%
Female	67	67%
Age		
Generation Z (aged <29)	58	58%
Generation Y (aged 30-45)	20	20%
Generation X (aged 46-61)	14	14%
Baby Boomers (aged 62-80)	7	7%
>80	1	1%
Nationality		
Italian	93	93%
Other	7	7%
Education		
Middle school / lower secondary	4	4%
High school diploma	52	52%
Bachelor's degree	26	26%
Master's degree	17	17%
Other	1	1%
Employment		
Student	38	38%
Employed full-time	33	33%
Employed part-time	7	7%
Self-employed	10	10%
Unemployed	3	3%
Not in the labour force	7	7%
Other	2	2%

With regard to gender distribution, the sample is characterised by a higher proportion of female respondents (67%), while male respondents account for 33% of the total sample. Although female participants represent the majority, the sample is not entirely concentrated within a single gender category.

The age distribution of respondents was analysed by classifying participants into generational cohorts based on commonly adopted birth-year ranges. Following widely used classifications, the sample was divided into Baby Boomers (1946–1964), Generation X (1965–1980), Millennials or Generation Y (1981–1996), and Generation Z (1997 onwards) (Dimock, 2019). More recent literature also identifies Generation Alpha, typically defined as individuals born from around 2010 onwards; however, this group was not considered in the present study. The results show that the majority of respondents belong to Generation Z (58%), with respondents from older cohorts contributing to a degree of generational diversity within the sample.

In terms of nationality, the sample is predominantly Italian (93%), as expected given the distribution channels used for the questionnaire. A smaller proportion of participants (7%) came from other countries, including the United Kingdom, Mexico, and India.

For the education level, respondents were asked to indicate the highest qualification attained. The results show that the majority of participants hold a high school diploma (52%), followed by bachelor's degrees (26%) and master's degrees (17%). Only a small proportion of respondents reported a lower secondary education level or below.

Finally, employment status was analysed to provide further insights into the sample composition. The results indicate a relatively heterogeneous distribution, with the largest groups being students (38%) and full-time employed individuals (33%). Other employment categories are also represented, although to a lesser extent. As expected, given the age distribution, only a small proportion of respondents were not in the labour force (7%).

Respondents were also asked whether they had previously attended a brand event. The majority (64%) reported no prior attendance, while 36% indicated having done so. This distribution suggests that most respondents were approaching the presented scenario without prior direct exposure to this type of brand initiative, which provides additional context for interpreting the brand experience responses elicited by the stimulus.

The results of the demographic and background analysis are encouraging, as they help mitigate some of the limitations typically associated with the snowball sampling technique. As observed, the sample includes respondents with different age, education, and employment profiles, as well as varying degrees of prior exposure to brand events, reflecting a degree of heterogeneity within the sample. However, given the predominance of Italian and young respondents, the generalizability of the findings should still be interpreted cautiously

4. Data Analysis and Results

The data collected through the self-administered online questionnaire distributed via the Qualtrics platform constitute the empirical basis for the analysis presented in this chapter. As discussed in Chapter 3, the dataset was subjected to a multi-stage cleaning procedure, resulting in a final valid sample of 100 responses; in addition, the price sensitivity item identified as reverse-coded was treated accordingly prior to analysis. A preliminary analysis of the sample's demographic profile – including the distribution of respondents' prior attendance at brand events – was also conducted. Building on these preliminary steps, the present chapter proceeds with the quantitative investigation aimed at testing the hypotheses.

To examine the cause-effect relationships among the latent constructs included in the proposed model, Structural Equation Modelling (SEM) is employed. SEM enables the simultaneous analysis of multiple relationships between unobservable (latent) variables and their observed indicators, while explicitly accounting for measurement error (Hair et al., 2017).

The SEM framework encompasses two main approaches, distinguished by their underlying research orientation: Covariance-Based SEM (CB-SEM) and Partial Least Squares SEM (PLS-SEM). On one hand, CB-SEM is primarily theory-testing oriented and focuses on reproducing the empirical covariance matrix to assess the overall model fit. In contrast, PLS-SEM is prediction-oriented and particularly suitable for exploratory research, theory development, and studies involving complex models or relatively small sample sizes. PLS-SEM emphasises the maximization of explained variance in endogenous constructs and the estimation of path coefficients within the structural model. From a methodological perspective, It follows a regression-based approach similar to Ordinary Least Squares (OLS); however, unlike traditional parametric techniques, PLS-SEM is distribution-free and does not require strict assumptions regarding data normality.

In the present study, therefore, PLS-SEM is adopted as the most appropriate analytical technique due to its predictive orientation and suitability for exploratory research, particularly given the relatively small sample size and the use of ordinal measurement scales. In addition, PLS-SEM offers high efficiency in parameter estimation, resulting in greater statistical power compared to CB-SEM (Hair et al., 2017).

Within this framework, the PLS-SEM approach is applied to test a model incorporating both mediation and moderation effects. Specifically, mediation effects are examined to assess whether the relationship between Brand Experience and Willingness To Pay a Price Premium is transmitted through Customer-Based Brand Equity (CBBE) dimensions of Perceived Uniqueness, Brand Trust, and Brand Loyalty. Furthermore, two moderation effects are examined to evaluate whether the strength of selected relationships within the model varies depending on the levels of Brand Familiarity and Price Sensitivity.

The analysis is implemented using SmartPLS 4 software, which is employed to estimate both the measurement and structural models as well as to assess the relationships among the constructs included in the hypothesized framework and to visually represent it (Ringle et al., 2024).

4.1 Path Model

One of the initial steps in conducting a PLS-SEM analysis is the development of a path model that provides a visual representation of the hypothesized relationships among variables on the basis of theoretical and logical foundations (Hair et al., 2017). The path model serves both analytical and illustrative purposes, as it allows for the simultaneous examination and visualization of the selected constructs and their associated indicators, incorporating multiple hypotheses assessed concurrently.

The complete path model is presented in Figure 7 and examined in detail in the subsequent sections, with variables and hypotheses assigned abbreviated labels – distinct from those used in previous sections – to keep the diagram readable. A reference table linking each label to its corresponding variable or hypothesis is provided in Appendix 4 to preserve the transparency and interpretability of the results.

As a second-generation multivariate analysis technique, SEM integrates both measurement and structural models within a single analytical framework which can be visually represented in the path model.

The structural model – also referred to as the inner model – represents the hypothesized relationships among the constructs, which are visually depicted as circles or ovals. These constructs correspond to the variables introduced in the conceptual

framework and are now operationalized within the PLS-SEM context. Specifically, Brand Experience is represented as a single construct labelled BE, which captures all its four dimensions, while the dependent variable Willingness To Pay a Price Premium is labelled WTP_P_PR. The mediating variables Perceived Uniqueness, Brand Trust, and Brand Loyalty – conceptualized within the CBBE framework – are individually represented in the path model and labelled respectively P_UN, B_TR, and B_LOY. In addition, the moderating variables Brand Familiarity and Price Sensitivity are included in the path model as B_F and P_S respectively.

The measurement model – also referred to as the outer model – visually represents the relationships between the latent constructs and their indicators, which are depicted as rectangles. Indicators – also known as items or manifest variables – are the directly observed variables derived from the validated single- or multi-item measurement scales discussed in Chapter 3. These indicators serve as proxies for the underlying latent constructs – not identical to them, but rather combined into a weighted estimate that approximates each construct, consistent with the logic underlying PLS-SEM (Hair et al., 2017). The nature of these relationships depends on how the measurement model is specified, either as reflective or formative. In reflective measurement models, the direction of the relationship runs from the construct to the indicators, implying that the latent construct gives rise to the observed measures. In formative measurement models, the direction is reversed, with indicators causing the construct - indicating that the construct is formed by its indicators. In the present study, all constructs are specified as reflective, consistent with the validated measurement scales adopted.

The PLS-SEM algorithm operates by using known elements of the model to estimate unknown parameters. Specifically, the algorithm computes latent variable scores, which serve as inputs for a series of partial regression models within the structural framework. Once the construct scores are obtained, they are used to estimate the relationships in both the measurement and structural models, which serve as the basis for hypothesis testing.

Given that the present study aims to examine predictive and causal associations using PLS-SEM, single-headed arrows are used to represent the relationships between constructs, as well as between constructs and their assigned indicators (Hair et al., 2017).

To estimate a PLS-SEM path model, it is necessary to define a set of algorithmic options and parameter settings. These include the selection of the path weighting scheme for the structural model, the specification of the data metric, the initialization of starting values for the estimation procedure, the definition of the stopping criterion, and the maximum number of iterations allowed for the algorithm to converge. In the present study, the path weighting scheme was selected – as opposed to the centroid or factorial weighting schemes – as it is generally considered the most appropriate option thanks to its ability to maximize the explained variance (R^2) of endogenous latent variables and given its applicability across a wide range of PLS-SEM models. Furthermore, data standardization is an essential step in the PLS-SEM estimation process, typically achieved through z-standardization – the conversion of variables to a common scale with a mean of zero and a standard deviation of one. In this study, this procedure was performed automatically by SmartPLS 4, ensuring appropriate scaling of all variables prior to model estimation (Ringle et al., 2024). Finally, the initial values were left at the default setting provided by the software, namely +1. Similarly, the stopping criterion was not modified and remained at the default threshold value of 1×10^{-7} , which determines the maximum number of iterations allowed for the algorithm to reach convergence.

Following the specification of the path model, the next step in a PLS-SEM analysis involves the estimation and evaluation of the framework. Unlike covariance-based approaches, model evaluation in PLS-SEM is primarily variance-based and focuses on the ability of the model to explain and predict the endogenous constructs. Consistent with this focus, the evaluation of a PLS-SEM model follows a two-step approach, involving the separate assessment of the measurement model and the structural model. The measurement model is first evaluated to ensure the reliability and validity of the constructs, while the structural model is subsequently assessed to examine the hypothesized relationships among them.

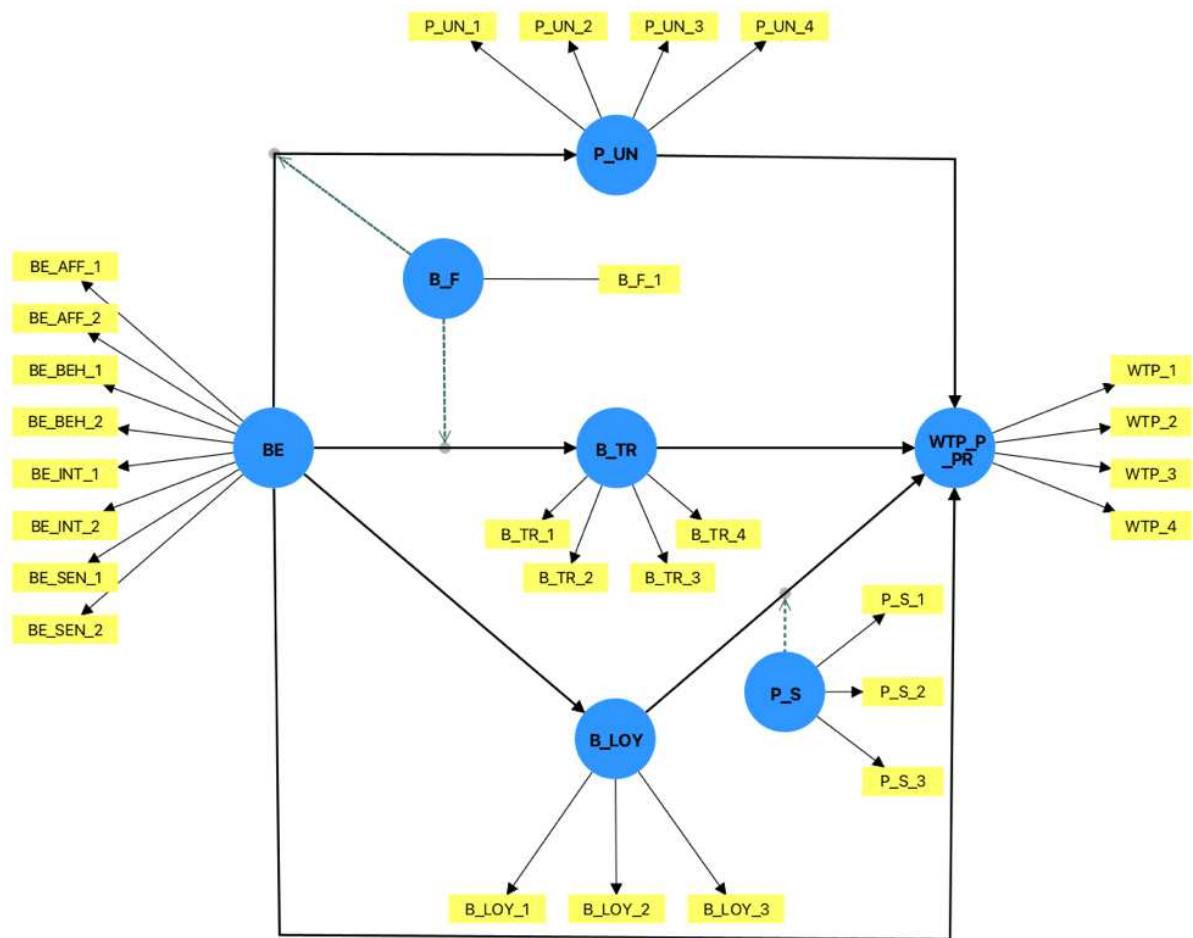


Figure 7. Complete Path Model. Source: The author; Software: SmartPLS 4

4.2 Measurement Model

The PLS-SEM analysis begins with the evaluation of the measurement model – also referred to as the outer model –, which specifies the relationships between latent constructs and their corresponding indicators, before proceeding to the structural - or inner - model, whose estimates are examined only once the reliability and validity of the constructs have been established. The quality of the outer model is therefore a critical prerequisite for a robust PLS-SEM model, and the use of measurement scales derived from well-established instruments in prior research further enhances this reliability and validity (Hair et al., 2017).

The indicators included in the present measurement model, corresponding to the measurement scales described in the previous chapter, are labelled following the conventions recommended by Hair et al. (2017, 2022); a complete mapping between

constructs, indicators, and PLS-SEM labels is provided in Appendix 4. Before proceeding with the validity and reliability analysis, it is necessary to clarify the structure of the data and the operationalization of the indicators used in the present path model. Brand Experience is measured through eight indicators: "BE_SEN_1" and "BE_SEN_2" for the sensory dimension; "BE_AFF_1" and "BE_AFF_2" for the affective dimension; "BE_BEH_1" and "BE_BEH_2" for the behavioural dimension; and "BE_INT_1" and "BE_INT_2" for the intellectual dimension. The mediating constructs are measured as follows: Perceived Uniqueness through "P_UN_1", "P_UN_2", "P_UN_3", and "P_UN_4"; Brand Trust through "B_TR_1", "B_TR_2", "B_TR_3", and "B_TR_4"; and Brand Loyalty through "B_LOY_1", "B_LOY_2", and "B_LOY_3". The moderating variables are operationalized as follows: Brand Familiarity is measured by a single indicator, "B_F_1"; while Price Sensitivity is measured using "P_S_1" – which was reverse-coded in the data preparation phase -, "P_S_2", and "P_S_3".

As described in the previous chapter, Willingness To Pay a Price Premium (WTP_P_PR) is measured using four indicators based on different measurement approaches. Specifically, WTP_1 and WTP_2 were originally measured using a seven-point Likert scale. WTP_3, initially designed as a Likert-type scale for percentage price increases, was adapted into a multiple-choice format during the questionnaire design and subsequently converted into a seven-point Likert scale during the data preparation phase. In contrast, WTP_4 captures the construct through a single open-ended question, representing a distinct measurement approach based on continuous monetary values.

Given these differences in operationalization of Willingness To Pay a Price Premium, two separate PLS-SEM models are estimated. The first model employs a multi-item Likert-based construct measured through the indicators WTP_1, WTP_2, and WTP_3 (labelled as 3-Items WTP), while the second model relies on the single-item open-ended measure WTP_4 (labelled as Open-Ended WTP Model). This approach allows for a comparison of results across different measurement formats and enhances the robustness of the findings. In the measurement model analysis, the 3-Items WTP Model and Open-Ended WTP Model are labelled Measurement Model 1 and Measurement Model 2 respectively for clarity enhancement. At this stage, both models are evaluated to determine their indicators' performance.

A further specification concerns the assessment of single-item constructs - namely Brand Familiarity (B_F) and Willingness To Pay a Price Premium (WTP_4) in Measurement Model 2 - which was measured with a single-item scale. This was primarily a pragmatic choice: single items are brief and easily answered, helping to limit questionnaire length and respondent fatigue while supporting higher response rates (Hair et al., 2017). The Brand Familiarity is also relatively concrete, unidimensional, and easy to interpret – the conditions under which a single-item measure is considered acceptable (Bergkvist & Rossiter, 2007). The use of a single indicator also has direct consequences for measurement-model assessment: the outer loading is fixed at 1.000 by definition, and the standard assessments of internal-consistency reliability and convergent validity – which rely on the covariation among multiple indicators – cannot be computed (Hair et al., 2017).

Not all constructs and indicators are related in the same way. As previously discussed, measurement models can be classified as reflective or formative, depending on the direction of the relationships between constructs and indicators. In reflective measurement models, indicators are viewed as manifestations of the underlying construct. Consequently, the causal direction runs from the construct to the indicators. In contrast, formative measurement models assume that the indicators collectively form the construct, with the causal direction running from the indicators to the construct. While indicators in reflective models are generally interchangeable, as they capture similar aspects of the same construct, those in formative models are not interchangeable, as each represents a distinct dimension of the construct's domain.

This distinction is crucial, as the evaluation of the measurement model depends on whether a construct is modelled as reflective or formative. In the case of formative measurement models, the analysis focuses on the estimation of outer weights (w coefficients), which reflect the relative contribution of each indicator in the formation of the construct. Conversely, when a reflective measurement model is specified, the estimation is based on outer loadings (λ coefficients), which are obtained through simple regressions of each indicator on its corresponding latent construct. In the present study, all constructs are modelled using a reflective measurement approach, consistent with both the nature of the constructs and the measurement scales adopted from prior literature. Specifically, the indicators were conceptualized as manifestations of underlying

latent variables such as perceptions, attitudes, and evaluations. Consequently, changes in the latent construct are expected to be reflected in all associated indicators therefore the assessment of the measurement model focuses on outer loadings, with the objective of evaluating the reliability and validity of the measurement instruments.

The evaluation of reflective measurement models in PLS-SEM includes several criteria. First, internal consistency reliability is assessed through composite reliability, while indicator reliability is examined through the magnitude of outer loadings. Subsequently, convergent validity is evaluated using the average variance extracted (AVE), while discriminant validity is assessed through the Fornell-Larcker criterion, cross-loadings, and the heterotrait-monotrait (HTMT) ratio of correlations.

Before proceeding with the analysis, it is important to note that both estimation algorithms converged successfully prior to reaching the maximum number of iterations, in both cases after two iterations. In the following sections, the above-mentioned criteria are analysed in detail to assess the quality of the indicators for both Measurement Model 1 and Measurement Model 2.

4.2.1 Internal Consistency

Internal consistency reliability, typically the first criterion to be assessed in a PLS-SEM analysis, can be evaluated using two complementary measures: Cronbach's alpha and composite reliability.

Cronbach's alpha provides an estimate of reliability based on the intercorrelations among the observed indicator variables. However, this measure assumes that all indicators have equal outer loadings on the constructs, an assumption that contrasts with the PLS-SEM approach, which assigns different weights to indicators based on their individual reliability. Furthermore, Cronbach's alpha tends to underestimate internal consistency reliability and is sensitive to the number of items within a construct. Composite reliability, by contrast, accounts for the actual outer loadings of the indicators and therefore provides a more accurate assessment of internal consistency within the PLS-SEM framework.

For both measures, values range from 0 to 1. In the context of exploratory research, values between 0.60 and 0.70 are considered acceptable, while values between 0.70 and

0.90 indicate satisfactory to good reliability. Values exceeding 0.90 may indicate redundancy among indicators, as they could be measuring highly overlapping aspects of the same underlying construct. Conversely, values below 0.60 indicate insufficient internal consistency.

For a more comprehensive evaluation of internal consistency, it is recommended to consider both measures jointly. Cronbach's alpha can be interpreted as a lower bound estimate, due to its conservative nature, while composite reliability (ρ_c) can be considered an upper bound estimate, as it tends to provide higher values. Consequently, the true level of internal consistency is expected to lie between these two measures. This intermediate estimate is commonly referred to in PLS-SEM analysis as ρ_a , which represents the most accurate approximation of true internal consistency.

In the present study, consistent with the previous specification, internal consistency is assessed separately for the two measurement models: Measurement Model 1, based on the multi-item construct (WTP_1, WTP_2, and WTP_3), and Measurement Model 2, based on the single-item (WTP_4).

For Measurement Model 1, Cronbach's alpha and composite reliability values are reported in Table 7. Overall, the constructs demonstrate satisfactory internal consistency reliability. In particular, Brand Experience (BE) and Brand Trust (B_TR) exhibit strong reliability, with both Cronbach's alpha and composite reliability exceeding the recommended threshold of 0.60 and even the 0.70 one. However, for Brand Experience (BE), both ρ_a (0.905) and ρ_c (0.915) exceed 0.90, providing a stronger indication of potential redundancy among indicators. For Brand Trust (B_TR), ρ_c (0.924) exceeds 0.90 while ρ_a (0.899) remains just below this threshold, suggesting a more moderate redundancy concern. Similarly, Brand Loyalty (B_LOY) and Perceived Uniqueness (P_UN) display very high levels of internal consistency, with both Cronbach's alpha and composite reliability values above 0.90. While these results indicate excellent reliability, they may also signal redundancy, as values exceeding 0.90 suggest that indicators may be capturing highly overlapping aspects of the same construct.

The internal consistency of the dependent variable WTP_P_PR presents a mixed pattern: Cronbach's alpha (0.669) falls within the acceptable range for exploratory research (0.60 – 0.70), while ρ_a (0.703) and ρ_c (0.822) indicate satisfactory reliability, both exceeding the 0.70 threshold.

In contrast, the moderating construct Price Sensitivity (P_S) presents internal consistency concerns. Cronbach's alpha (0.487) and rho_a (0.592) fall below the acceptable threshold of 0.60, and although rho_c (0.712) exceeds the minimum level, the overall pattern suggests insufficient internal consistency.

Table 7. Cronbach's alpha, Composite Reliability, and AVE for Measurement Model 1. Source: The author; Software: SmartPLS 4

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
BE	0.894	0.905	0.915	0.574
B_LOY	0.914	0.917	0.946	0.854
B_TR	0.891	0.899	0.924	0.753
P_S	0.487	0.592	0.712	0.485
P_UN	0.923	0.932	0.946	0.814
WTP_P_PR	0.669	0.703	0.822	0.611

Internal consistency reliability assessment for Measurement Model 2, as reported in Table 8, indicates overall satisfactory reliability for most constructs. Specifically, Brand Experience (BE), Brand Loyalty (B_LOY), Brand Trust (B_TR), and Perceived Uniqueness (P_UN) all exhibit values exceeding both the 0.60 and 0.70 thresholds across all measures, confirming good internal consistency. In particular, Brand Loyalty (B_LOY) and Perceived Uniqueness (P_UN) again display very high reliability levels, with Cronbach's alpha values above 0.90 and composite reliability values reaching 0.946 for both constructs. Similarly, BE (0.915) and B_TR (0.924) show high composite reliability values, which may indicate redundancy among these indicators. At the same time, it is impossible in Measurement Model 2 to assess the Cronbach's alpha and composite reliability values for WTP_P_PR.

As in Measurement Model 1, the construct Price Sensitivity (P_S) exhibits weaker reliability. Cronbach's alpha (0.487) and rho_a (0.560) fall below the acceptable threshold of 0.60, indicating insufficient internal consistency. Although the composite reliability upper bound (rho_c = 0.738) exceeds the minimum acceptable level, rho_a (0.560) confirms insufficient internal consistency and suggests that the construct may require further refinement.

Table 8. Cronbach's alpha, Composite Reliability, and AVE for Measurement Model 2. Source: The author; Software: SmartPLS 4

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
BE	0.894	0.904	0.915	0.573
B_LOY	0.914	0.915	0.946	0.854
B_TR	0.891	0.898	0.924	0.753
P_S	0.487	0.560	0.738	0.497
P_UN	0.923	0.927	0.946	0.814

4.2.2 Convergent Validity

Convergent validity refers to the extent to which the indicators of a given construct are positively correlated and share a high proportion of variance. In reflective measurement models, indicators are expected to represent the same underlying construct and therefore to converge, exhibiting strong interrelationships. Two main criteria are used to assess the convergent validity of reflective constructs: the outer loadings of the indicators and the average variance extracted (AVE).

Outer loadings evaluate the extent to which each indicator is associated with its corresponding construct. The magnitude of the outer loading reflects indicator reliability, with values above 0.708 generally considered desirable, as they indicate that the construct explains at least 50% of the variance in the indicator. However, given the exploratory nature of the present study, loadings above 0.60 may still be considered acceptable. Indicators with loadings between 0.40 and 0.60 should be considered for removal only if their deletion leads to an improvement in composite reliability, average variance extracted (AVE), or content validity. In contrast, indicators with loadings below 0.40 should be removed in any case, as they do not adequately represent the construct (Hair et al., 2017).

Average Variance Extracted (AVE) provides a measure of convergent validity at the construct level. It is calculated as the average of the squared outer loadings of the indicators associated with a construct and can be interpreted as the communality level. An AVE value of 0.50 or higher indicates adequate convergent validity, as it suggests that the construct explains more than half of the variance of its indicators. Conversely, values

below this threshold indicate that a larger portion of variance is attributable to measurement error rather than to the construct itself.

The results for Measurement Model 1, reported in Table 9, show that Brand Experience (BE), Brand Loyalty (B_LOY), Brand Trust (B_TR), Perceived Uniqueness (P_UN), and Willingness To Pay a Price Premium (WTP_P_PR) exhibit satisfactory outer loading values. Overall, these results indicate strong indicator reliability, with most values exceeding 0.70 and several exceeding 0.90. It should be noted that BE_SEN_1 (0.687) and WTP_1 (0.650) exhibit loadings below 0.70; however, given the exploratory nature of the present study, both values remain above the acceptable threshold of 0.60 and are therefore retained. In contrast, the construct Price Sensitivity (P_S) presents a notable validity issue. While P_S_2 (0.833) and P_S_3 (0.817) exhibit satisfactory values, P_S_1 shows a very low loading (0.306), which falls substantially below the acceptable threshold. According to Hair et al. (2017), an indicator with a loading below 0.40 should be removed, as it does not adequately represent the underlying construct. Therefore, P_S_1 may need to be excluded or theoretically justified. As previously noted, reliability and validity assessments are not applicable in the same way to single-item constructs. Accordingly, the moderating variable Brand Familiarity (B_F), being measured by a single indicator, displays a fixed loading of 1.000.

The AVE results for Measurement Model 1, reported in Table 7, indicate that most constructs meet the recommended threshold, thereby confirming adequate convergent validity. In particular, BE, P_UN, B_TR, B_LOY, and WTP_P_PR all exhibit AVE values above 0.50. However, P_S shows a low AVE value, reflecting the inconsistency among its indicators. This finding is consistent with the low outer loading of P_S_1 and further suggests that the construct may not adequately capture the underlying dimension without further refinement.

Table 9. Outer loadings for Measurement Model 1. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE_AFF_1	0.848						
BE_AFF_2	0.840						
BE_BEH_1	0.715						
BE_BEH_2	0.736						
BE_INT_1	0.754						
BE_INT_2	0.702						
BE_SEN_1	0.687						
BE_SEN_2	0.763						
B_F_1		1.000					
B_LOY_1			0.916				
B_LOY_2			0.951				
B_LOY_3			0.905				
B_TR_1				0.916			
B_TR_2				0.812			
B_TR_3				0.894			
B_TR_4				0.846			
P_S_1					0.306		
P_S_2					0.833		
P_S_3					0.817		
P_UN_1						0.899	
P_UN_2						0.947	
P_UN_3						0.932	
P_UN_4						0.824	
WTP_1							0.650
WTP_3							0.770
WTP_2							0.904

Table 10. Outer loadings for Measurement Model 2. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE_AFF_1	0.850						
BE_AFF_2	0.838						
BE_BEH_1	0.721						
BE_BEH_2	0.733						
BE_INT_1	0.757						
BE_INT_2	0.705						
BE_SEN_1	0.679						
BE_SEN_2	0.757						
B_F_1		1.000					
B_LOY_1			0.922				
B_LOY_2			0.951				
B_LOY_3			0.899				
B_TR_1				0.915			
B_TR_2				0.813			
B_TR_3				0.893			
B_TR_4				0.848			
P_S_1					0.707		
P_S_2					0.491		
P_S_3					0.866		
P_UN_1						0.893	
P_UN_2						0.946	
P_UN_3						0.937	
P_UN_4						0.828	
WTP_4							1.000

The results from Measurement Model 2, reported in Table 10, are also generally positive with respect to outer loadings. Brand Experience (BE), Brand Loyalty (B_LOY), Brand Trust (B_TR), and Perceived Uniqueness (P_UN) all exhibit loadings above 0.60, with most values exceeding 0.70 and several approaching or exceeding the 0.90 threshold. These results confirm satisfactory reliability levels and suggest that the indicators adequately represent their respective constructs. As in Measurement Model 1, BE_SEN_1 (0.679) exhibits a loading below 0.70 but above the acceptable threshold of 0.60 and is therefore retained. However, Price Sensitivity (P_S) again presents a potential reliability issue; while P_S_1 (0.707) and P_S_3 (0.866) show acceptable to strong loadings, P_S_2 exhibits a value of 0.491, which falls below the recommended threshold of 0.60. Regarding single-item constructs, both Brand Familiarity (B_F) and Willingness To Pay a Price Premium (WTP_P_PR) exhibit loadings fixed at 1.000, as expected.

The AVE results for Measurement Model 2, reported in Table 8, indicate that most constructs meet the required threshold. Specifically, BE, B_LOY, B_TR, and P_UN all show AVE values well above 0.50. However, P_S presents an AVE (0.497) slightly below the recommended threshold; although the deviation is minimal, this result, combined with the low loading of P_S_2, suggests that the construct may not fully capture the underlying dimension without further refinement.

4.2.3 Refinement of Measurement Models

Price Sensitivity (P_S) presents validity and reliability issues in both Measurement Model 1 and Measurement Model 2.

With regard to internal consistency reliability, both models show persistent problems. In Measurement Model 1, Cronbach's alpha (0.487) and rho_a (0.592) fall below the recommended thresholds, with rho_c (0.712) only marginally exceeding the minimum acceptable level. In Measurement Model 2, the pattern is similar, with Cronbach's alpha (0.487) and rho_a (0.560) again below threshold and rho_c (0.738) providing only limited assurance of reliability. In addition, P_S presents convergent validity issues in both models. In Measurement Model 1, the problem is primarily driven by the very low outer loading of P_S_1 (0.306), with an AVE of 0.485 falling below the recommended threshold of 0.50. In Measurement Model 2, the issue is associated with the low outer loading of

P_S_2 (0.491), with an AVE of 0.497 remaining slightly below threshold, confirming insufficient convergent validity in both cases.

In Measurement Model 1, the indicator P_S_1 was removed before proceeding to the structural model analysis, as its outer loading fell below 0.40. According to Hair et al. (2017), indicators with such low loadings should be excluded, as they do not adequately represent the underlying construct. As reported in Table 11, following the removal of P_S_1, rho_c (0.816) and AVE (0.689) reach acceptable levels while Cronbach's alpha (0.551) and rho_a (0.560) remain below the conventional thresholds, which is a recognised limitation of constructs operationalized with only two indicators in PLS-SEM (Hair et al., 2017).

In Measurement Model 2, greater caution is required, as the outer loading of P_S_2 is above 0.40 but below the 0.60 threshold. In line with Hair et al. (2017), indicators with loadings between 0.40 and 0.60 should only be removed if their exclusion leads to an improvement in composite reliability and AVE values. As shown in Table 11, the removal of P_S_2 leads to an improvement in the two values (rho_c increases from 0.738 to 0.802 and AVE from 0.497 to 0.670) both reaching acceptable levels. Therefore, the indicator P_S_2 is excluded from the subsequent analysis. Cronbach's alpha (0.510) and rho_a (0.518) remain below the conventional thresholds, consistent with the limitation noted for Measurement Model 1.

Table 11. Price Sensitivity results after P_S_1 and P_S_2 deletion. Source: The author; Software: SmartPLS4

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Measurement Model 1 P_S (without P_S_1)	0.551	0.560	0.816	0.689
Measurement Model 2 P_S (without P_S_2)	0.510	0.518	0.802 ↑	0.670 ↑

4.2.4 Discriminant Validity

Discriminant validity assesses the extent to which a construct is empirically distinct from other constructs in the model, ensuring that it captures a unique phenomenon not represented by other variables. Establishing discriminant validity is therefore essential to confirm that each construct contributes uniquely to the model. In PLS-SEM, discriminant validity can be assessed using several criteria, among which cross-loadings and the Fornell-Larcker criterion are commonly applied.

The analysis typically begins with the examination of cross-loadings, which are examined in a matrix where indicators appear as rows and constructs as columns. For each indicator, the outer loading on its associated construct is compared with its loadings on all other constructs. Discriminant validity is supported when each indicator loads more strongly on its associated construct than on any other construct in the model; where a cross-loading that exceeds an indicator's own loading signals a potential discriminant validity issue (Hair et al., 2017).

The cross-loading results for Measurement Model 1, presented in Table 12, generally support discriminant validity. For all indicators, the highest loading is observed on the corresponding construct, confirming that the indicators are more strongly associated with their intended latent variable than with other constructs in the model. As previously noted, Brand Familiarity (B_F) displays a fixed loading of 1.000, consistent with its single-item specification.

The cross-loading analysis was also conducted for Measurement Model 2. The results, presented in Table 13, yields consistent results: all indicators load most strongly on their respective constructs, confirming discriminant validity. As in previous analyses, both Brand Familiarity (B_F) and Willingness To Pay a Price Premium (WTP_P_PR) display fixed loadings of 1.000, as both are measured using single-item indicators.

Table 12. Cross loadings for Measurement Model 1. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE_AFF_1	0.848	0.421	0.342	0.315	0.169	0.371	0.307
BE_AFF_2	0.840	0.353	0.343	0.368	0.168	0.378	0.334
BE_BEH_1	0.715	0.302	0.312	0.351	0.090	0.304	0.196
BE_BEH_2	0.736	0.177	0.303	0.310	0.250	0.452	0.350
BE_INT_1	0.754	0.266	0.201	0.260	0.017	0.317	0.148
BE_INT_2	0.702	0.233	0.300	0.227	0.068	0.449	0.310
BE_SEN_1	0.687	0.202	0.104	0.231	0.123	0.236	0.216
BE_SEN_2	0.763	0.286	0.173	0.161	0.183	0.246	0.209
B_F_1	0.373	1.000	0.490	0.463	0.163	0.378	0.186
B_LOY_1	0.259	0.403	0.916	0.703	0.375	0.627	0.542
B_LOY_2	0.280	0.422	0.951	0.650	0.274	0.584	0.522
B_LOY_3	0.454	0.524	0.905	0.754	0.213	0.673	0.492
B_TR_1	0.409	0.413	0.679	0.916	0.200	0.585	0.398
B_TR_2	0.333	0.436	0.737	0.812	0.246	0.514	0.414
B_TR_3	0.301	0.371	0.639	0.894	0.224	0.552	0.368
B_TR_4	0.248	0.377	0.566	0.846	0.250	0.432	0.268
P_S_2	0.149	0.140	0.187	0.182	0.859	0.208	0.414
P_S_3	0.155	0.130	0.339	0.262	0.800	0.291	0.353
P_UN_1	0.557	0.363	0.580	0.549	0.311	0.899	0.559
P_UN_2	0.426	0.298	0.591	0.553	0.244	0.947	0.476
P_UN_3	0.357	0.347	0.613	0.557	0.291	0.932	0.458
P_UN_4	0.326	0.348	0.681	0.523	0.210	0.824	0.521
WTP_2	0.322	0.212	0.501	0.373	0.425	0.512	0.902
WTP_3	0.172	0.069	0.451	0.318	0.257	0.471	0.768
WTP_1	0.340	0.141	0.352	0.299	0.399	0.324	0.653

Table 13. Cross loadings for Measurement Model 2. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE_AFF_1	0.850	0.421	0.340	0.315	0.093	0.368	0.056
BE_AFF_2	0.838	0.353	0.340	0.369	0.043	0.373	0.034
BE_BEH_1	0.721	0.302	0.307	0.351	0.025	0.301	0.112
BE_BEH_2	0.733	0.177	0.301	0.309	0.135	0.447	0.044
BE_INT_1	0.757	0.266	0.199	0.259	-0.035	0.315	-0.026
BE_INT_2	0.705	0.233	0.300	0.226	0.044	0.448	0.146
BE_SEN_1	0.679	0.202	0.100	0.231	0.051	0.230	-0.040
BE_SEN_2	0.757	0.286	0.169	0.161	0.004	0.242	0.024
B_F_1	0.375	1.000	0.488	0.464	0.055	0.378	0.042
B_LOY_1	0.261	0.403	0.922	0.703	0.305	0.629	0.470
B_LOY_2	0.281	0.422	0.951	0.650	0.257	0.584	0.395
B_LOY_3	0.455	0.524	0.899	0.754	0.249	0.672	0.303
B_TR_1	0.410	0.413	0.678	0.915	0.200	0.583	0.190
B_TR_2	0.336	0.436	0.738	0.813	0.239	0.515	0.241
B_TR_3	0.302	0.371	0.637	0.893	0.254	0.552	0.190
B_TR_4	0.247	0.377	0.565	0.848	0.220	0.431	0.128
P_S_1	-0.062	-0.055	0.122	0.161	0.786	0.096	0.191
P_S_3	0.154	0.130	0.341	0.263	0.850	0.293	0.224
P_UN_1	0.555	0.363	0.578	0.548	0.215	0.893	0.164
P_UN_2	0.427	0.298	0.589	0.552	0.234	0.946	0.206
P_UN_3	0.359	0.347	0.615	0.557	0.269	0.937	0.328
P_UN_4	0.328	0.348	0.681	0.522	0.170	0.828	0.316
WTP_4	0.069	0.042	0.422	0.220	0.255	0.279	1.000

Subsequently, the Fornell-Larcker criterion is applied to provide a construct-level assessment of discriminant validity. This approach compares the square root of the AVE for each construct with its correlations with all other constructs in the model. Discriminant validity is established when the square root of a construct's AVE exceeds all inter-construct correlations, indicating that a construct shares more variance with its own

indicators than with any other construct. An alternative interpretation of the Fornell-Larcker criterion is based on the comparison between the AVE and the squared correlations between constructs. In this case, discriminant validity is supported when a construct shares more variance with its own indicators than with other constructs, meaning that the AVE is greater than the squared correlations (Hair et al., 2017).

The results for Fornell-Larcker in Measurement Model 1, reported in Table 14, support discriminant validity. For all constructs, the diagonal value – representing the square root of the AVE – exceeds the corresponding inter-construct correlations. The most conservative comparison involves Brand Trust (B_TR), whose square root of AVE (0.868) exceeds its highest inter-construct correlation with Brand Loyalty (B_LOY = 0.763). Price Sensitivity (P_S), although problematic in previous measurement model assessments, also satisfies this criterion. As previously discussed, Brand Familiarity (B_F) is not substantively informative in this context because it is measured using a single indicator.

Table 14. Fornell-Larcker criterion for Measurement Model 1. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE	0.758						
B_F	0.373	1.000					
B_LOY	0.363	0.490	0.924				
B_TR	0.379	0.463	0.763	0.868			
P_S	0.182	0.163	0.309	0.263	0.830		
P_UN	0.472	0.378	0.682	0.606	0.296	0.902	
WTP_P_PR	0.357	0.186	0.561	0.424	0.464	0.563	0.781

The Fornell-Larcker criterion results for Measurement Model 2, reported in Table 15, confirm discriminant validity across all constructs . Diagonal values consistently exceed inter-construct correlations, with the most conservative comparison again involving Brand Trust (B_TR = 0.868) and Brand Loyalty (B_LOY = 0.762). As expected, Brand Familiarity (B_F) and Willingness To Pay a Price Premium (WTP_P_PR) trivially satisfy the criterion as single-item constructs.

Table 15. Fornell-Larcker criterion for Measurement Model 2. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE	0.757						
B_F	0.375	1.000					
B_LOY	0.362	0.488	0.924				
B_TR	0.380	0.464	0.762	0.868			
P_S	0.067	0.055	0.293	0.263	0.819		
P_UN	0.468	0.378	0.682	0.605	0.246	0.902	
WTP_P_PR	0.069	0.042	0.422	0.220	0.255	0.279	1.000

Recent research has highlighted limitations associated with both cross-loadings and the Fornell-Larcker criterion, as they may not always effectively detect issues related to discriminant validity. Particularly, cross-loadings may fail to identify problems when constructs are highly correlated, while the Fornell-Larcker criterion may be insufficient when indicator loadings range between 0.60 and 0.80 (Hair et al., 2017).

As a third approach, discriminant validity can be assessed using the heterotrait-monotrait (HTMT) ratio of correlations, which represents the ratio between inter-construct (heterotrait) and intra-construct (monotrait) correlations. Specifically, HTMT provides an estimate of the true correlation between two constructs under the assumption of perfect measurement, where values close to 1 indicate that constructs are not sufficiently distinct while values below 0.85 are generally considered acceptable in highlighting conceptually distinct constructs (Hair et al., 2017).

The HTMT results for Measurement Model 1, presented in Table 16, provide strong support for discriminant validity. All HTMT values fall below the conservative threshold of 0.85, with the highest value observed between Brand Trust (B_TR) and Brand Loyalty (B_LOY) (HTMT = 0.833).

The HTMT results for Measurement Model 2, reported in Table 17, also support discriminant validity across all constructs. All values remain below the conservative threshold of 0.85. The highest HTMT value is again observed between Brand Trust (B_TR) and Brand Loyalty (B_LOY) (HTMT = 0.833), reflecting a strong but theoretically acceptable relationship between the two constructs.

Table 16. HTMT ratios for Measurement Model 1. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE							
B_F	0.390						
B_LOY	0.374	0.509					
B_TR	0.403	0.488	0.833				
P_S	0.265	0.219	0.449	0.384			
P_UN	0.489	0.392	0.742	0.661	0.418		
WTP_P_PR	0.443	0.221	0.717	0.542	0.761	0.709	

Table 17. HTMT ratios for Measurement Model 2. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE							
B_F	0.390						
B_LOY	0.374	0.509					
B_TR	0.403	0.488	0.833				
P_S	0.207	0.158	0.413	0.383			
P_UN	0.489	0.392	0.742	0.661	0.346		
WTP_P_PR	0.084	0.042	0.441	0.229	0.355	0.293	

4.2.5 Overall evaluation of Measurement Models

Having examined internal consistency reliability, convergent validity, and discriminant validity across both measurement models in the preceding subsections, this section provides an overall evaluation of measurement quality.

Before proceeding, it should be noted that Price Sensitivity (P_S) required refinement during the measurement model assessment: PS_1 was removed from Measurement Model 1 while PS_2 from Measurement Model 2, as their retention compromised the reliability and convergent validity of the construct. Following the removal of the respective indicators, rho_c and AVE reached acceptable levels in both

models, as documented in Section 4.2.3. All results reported in this section therefore refer to the refined measurement models⁴.

A further consideration throughout is the difference in the operationalization of Willingness To Pay a Price Premium (WTP_P_PR): while Measurement Model 1 uses a multi-item specification (WTP_1, WTP_2, WTP_3), Measurement Model 2 relies on a single-item indicator (WTP_4), which has implications for the model assessment.

With respect to internal consistency reliability, both models demonstrate satisfactory levels for most constructs, with Cronbach's alpha, rho_a, and rho_c generally meeting or exceeding established thresholds. An exception is Price Sensitivity (P_S), for which Cronbach's alpha and rho_a remain below the 0.60 threshold in both refined models – 0.551 and 0.560 respectively in Measurement Model 1, and 0.510 and 0.518 in Measurement Model 2. As discussed in Section 4.2.3, this limitation may be attributable to the two-indicator structure of the construct following refinement, while rho_c reaches acceptable levels in both cases. In Measurement Model 1, WTP_P_PR also demonstrates acceptable reliability, with composite reliability exceeding both the 0.60 and 0.70 thresholds. In Measurement Model 2, internal consistency reliability cannot be assessed for WTP_P_PR, as the construct is operationalized through a single indicator.

Convergent validity is largely supported across both models. Most constructs demonstrate satisfactory indicator loadings and AVE values, confirming that each measure is sufficiently related to its respective latent variable. In Measurement Model 1, convergent validity for WTP_P_PR can be assessed through both outer loadings and AVE, and the results support the construct's validity. In Measurement Model 2, by contrast, convergent validity for WTP_P_PR cannot be meaningfully evaluated, as AVE is not defined for single-item constructs and the outer loading is fixed at 1.000 by design.

Discriminant validity yields consistent results across the two models. Cross-loadings, the Fornell-Larcker criterion, and HTMT ratios all confirm that the constructs are sufficiently distinct from one another. Nevertheless, an important difference remains. In Measurement Model 1, discriminant validity for WTP_P_PR can be fully assessed through all three criteria supporting the distinctiveness of the construct. In Measurement

⁴ internal consistency reliability and convergent validity for both models' P_S constructs are present in Table 11 while discriminant validity is present in the modified version in section 4.2.4

Model 2, the assessment is more limited, as the single-item specification means the indicator is perfectly correlated with its construct by definition.

Overall, both measurement models demonstrate adequate measurement quality across most constructs. Measurement Model 1 allows for a more complete assessment of WTP_P_PR across all three dimensions – internal consistency, convergent validity, and discriminant validity – whereas Measurement Model 2, while more limited in this regard, may capture a more direct and behaviourally grounded representation of the construct. Both models are therefore retained for the structural model analysis, in order to assess whether the two operationalizations of WTP_P_PR yield consistent or divergent results.

4.3 Structural Model

As previously introduced, the structural model is employed to examine the relationships among constructs and to test the proposed hypotheses. In this second stage of the PLS-SEM analysis, particular attention must be devoted to two key aspects: the correct sequencing of constructs and the specification of the relationships among them, both of which are fundamental to accurately representing the hypothesized causal structure of the model.

The sequence of constructs follows a directional logic, typically represented from left to right, where independent (predictor) constructs are positioned on the left-hand side and dependent (outcome) constructs on the right-hand side. Once this sequence is established, the relationships between constructs are specified through directional arrows indicating the hypothesized causal links and the predictive structure of the model. Constructs that function exclusively as predictors, characterised by having only outgoing arrows, are referred to as exogenous latent variables. In the present study, this corresponds to Brand Experience (BE), operationalized through its four dimensions (BE_SEN, BE_AFF, BE_BEH, and BE_INT) previously assessed in the measurement model. Conversely, constructs that have at least one incoming arrow are classified as endogenous latent variables, regardless of whether they also exert influence on other constructs – typically located in the central or right-hand side of the model. In the present case, endogenous variables include the mediating constructs – Perceived Uniqueness (P_UN),

Brand Trust (B_TR) and Brand Loyalty (B_LOY) – as well as the dependent variable Willingness To Pay a Price Premium (WTP_P_PR).

The model also incorporates two moderating variables: Brand Familiarity (B_F) and Price Sensitivity (P_S). Consistent with Hair et al. (2017), when specifying moderation in PLS-SEM, the moderator is not only included through an interaction term (explored in a specific subsequent section) but also through a direct path to the relevant endogenous construct. This direct path controls for the moderator's own influence on the outcome and prevents the interaction effect from being artificially inflated. Accordingly, Brand Familiarity and Price Sensitivity are retained in the structural model both as moderators and as constructs that may exert direct antecedent effects on selected endogenous variables.

In SmartPLS 4, moderation effects are specified through interaction terms representing the combined effect of the predictor and the moderator on the dependent construct, visually displayed as dotted lines. These interaction effects are estimated alongside the direct paths of the predictor and the moderator to the endogenous construct. Although these direct paths are not separately displayed in the path diagram, they are included in the estimation and the analysis.

The structural model assessment focuses on evaluating the magnitude, direction, and statistical significance of the path coefficients (β), as well as the overall explanatory power of the model. In line with Hair et al. (2017), the assessment proceeds through the analysis of collinearity issues, followed by the evaluation of path coefficients and their significance, the coefficient of determination (R^2), the effect size (f^2), predictive relevance (Q^2), and the predictive effect size (q^2).

In line with recent developments in PLS-SEM methodology, the predictive relevance (Q^2) and predictive effect size (q^2) are not included in the present analysis. Although Q^2 has traditionally been used to assess the model's out-of-sample predictive capability through blindfolding procedures, more recent guidelines emphasise that its interpretation is limited when the research objective is primarily explanatory rather than predictive (Hair et al., 2022). Furthermore, the latest methodological advancements recommend focusing on more robust and informative indicators of model performance, such as the coefficient of determination (R^2) and effect sizes (f^2), which provide clearer

insights into the model's explanatory power and the relative impact of exogenous constructs on endogenous variables (Hair et al., 2022).

To enhance the robustness of the analysis, two structural models are estimated and compared, mirroring the approach adopted in the measurement model assessment. Structural Model 1 (Figure 8) and Structural Model 2 (Figure 9) differ not only in the operationalization of Willingness To Pay a Price Premium (WTP_P_PR) but also in the specification of Price Sensitivity.

Specifically, Structural Model 1 corresponds to the 3-Items WTP Model, in which Willingness To Pay a Price Premium is operationalized through three closed-ended indicators (WTP_1, WTP_2, WTP_3). Structural Model 2 corresponds to the Open-Ended WTP Model, in which the construct is captured through a single open-ended question (WTP_4). A comparative analysis between the two models is conducted after the structural model assessment. This comparison is based on the principles of parsimony and explanatory power, Bayesian Information Criterion (BIC) and Akaike weights, with the objective of identifying the most appropriate model specification of WTP_P_PR for the present study.

Furthermore, in Structural Model 1, the indicator P_S_1 was removed due to its low outer loading, whereas in Structural Model 2, P_S_2 was excluded as its removal led to improvements in composite reliability and AVE. Consequently, the two models differ not only in the measurement of WTP_P_PR – multi-item closed-ended versus single-item open-ended –but also in the specification of Price Sensitivity.

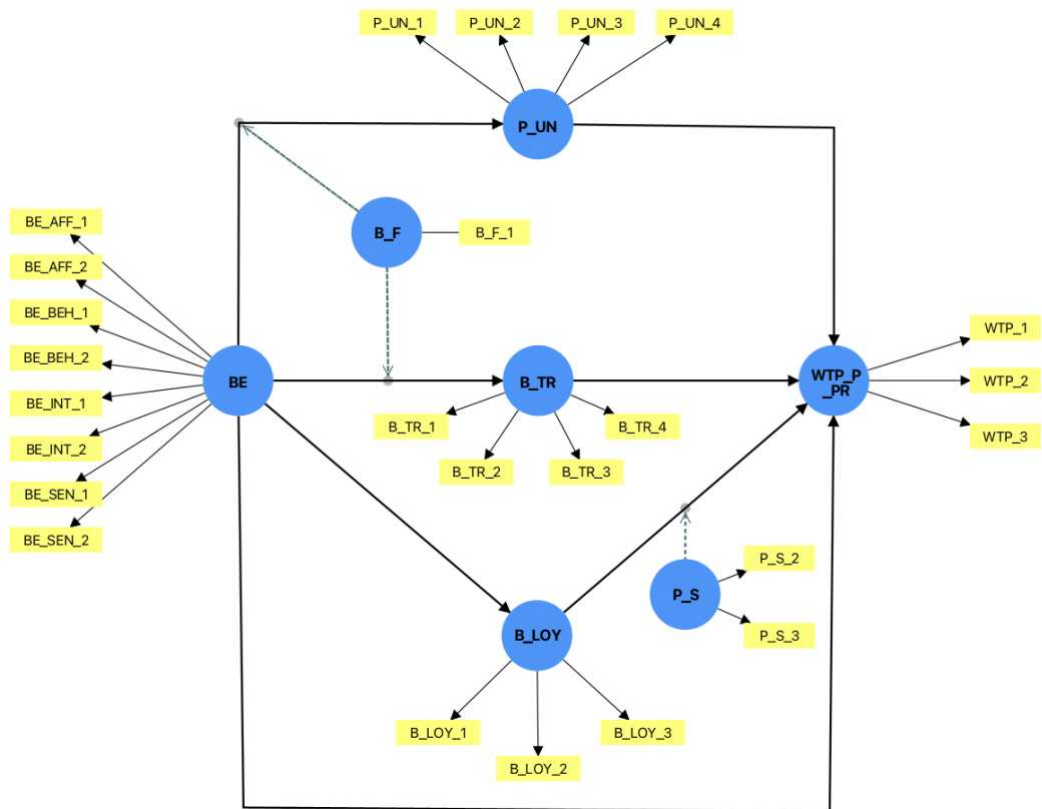


Figure 8. Path Model for 3-Items WTP Model after P_S_1 deletion.
Source: The author; Software: SmartPLS 4

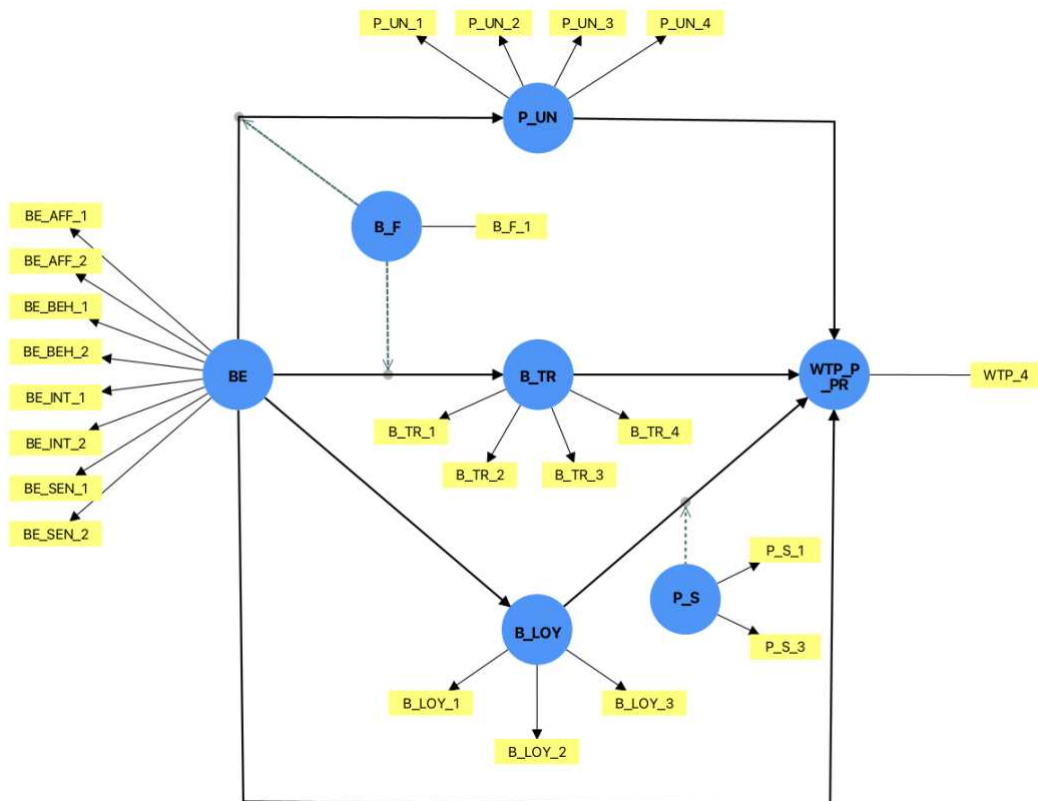


Figure 9. Path Model for Open-Ended WTP Model after P_S_2 deletion.
Source: The author; Software: SmartPLS 4

4.3.1 Collinearity

The first step in the structural model assessment is the evaluation of collinearity. Since the estimation of path coefficients in PLS-SEM relies on ordinary least squares (OLS) regressions – where each endogenous construct is regressed on its corresponding predictor constructs – the procedure is exposed to the same multicollinearity concerns as traditional multiple regression analysis (Hair et al., 2017). When predictor constructs are highly correlated with one another, individual path coefficients may be distorted and their standard errors inflated, a risk that is amplified in studies with relatively small sample sizes such as the present one.

Collinearity is assessed separately for each subpart of the structural model using the Variance Inflation Factor (VIF), which quantifies the degree to which the variance of a regression coefficient is inflated due to multicollinearity (Hair et al., 2017). Following Hair et al. (2022), VIF values above 5 indicate potential concerns, while a more conservative threshold of 3 may be applied in stricter assessments. Where collinearity is detected, possible remedies including removing constructs, merging predictors, or modelling higher-order constructs may be applied.

The results for Structural Model 1, reported in Table 18, indicate that collinearity is not a concern. All VIF values are below the threshold of 5 and, in most cases, also below the conservative threshold of 3. The highest VIF value is associated with the relationship involving Brand Loyalty (B_LOY) (VIF = 3.026), which marginally exceeds the stricter threshold of 3 but remains well below the critical level of 5.

The results for Structural Model 2, reported in Table 19, reveal a consistent pattern. All VIF values remain below 5 and largely below 3, with only marginal deviations. The highest value (VIF = 3.052) is again associated with Brand Loyalty (B_LOY), confirming a similar collinearity structure across both models.

Overall, the results indicate that collinearity is not a critical issue in neither Structural Model 1 nor Structural Model 2. The predictor constructs do not exhibit problematic levels of multicollinearity and the estimation of path coefficients is therefore not expected to be biased.

Table 18. VIF values for Structural Model 1. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE			1.000	1.162		1.162	1.318
B_F				1.215		1.215	
B_LOY							3.026
B_TR							2.556
P_S							1.171
P_UN							2.177
WTP_P_PR							

Table 19. VIF values for Structural Model 2. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE			1.000	1.163		1.163	1.313
B_F				1.217		1.217	
B_LOY							3.052
B_TR							2.647
P_S							1.115
P_UN							2.213
WTP_P_PR							

4.3.2 Significance and Relevance of Structural Model

Having established that collinearity does not represent a concern in either structural model, the analysis proceeds to examine the significance and relevance of the hypothesized relationships, expressed through path coefficients – standardized beta coefficients (β) indicating the strength and direction of each relationship between latent variables. These coefficients range between -1 and +1, with values closer to the extremes reflecting stronger relationships and those approaching zero indicating weak or negligible effects.

As reported in the path coefficient matrix for Structural Model 1 (Table 20), Brand Experience (BE) shows positive relationships with all three mediating constructs. In

particular, BE has a strong positive effect on Perceived Uniqueness (P_UN) ($\beta = 0.384$) and Brand Loyalty (B_LOY) ($\beta = 0.363$), as well as a moderate positive effect on Brand Trust (B_TR) ($\beta = 0.239$). Brand Familiarity (B_F), although introduced as a moderating variable, also exerts positive direct effects on B_TR ($\beta = 0.373$) and P_UN ($\beta = 0.230$), and is therefore interpreted here as an antecedent construct with respect to these endogenous variables.

With regard to the dependent variable, Willingness To Pay a Price Premium (WTP_P_PR), positive relationships are observed for B_LOY ($\beta = 0.312$), P_UN ($\beta = 0.281$), and Price Sensitivity (P_S) ($\beta = 0.273$), the latter interpreted as an antecedent construct through its direct path to WTP_P_PR. In contrast, Brand Trust shows a negative relationship with WTP_P_PR ($\beta = -0.087$), while the direct effect of Brand Experience on WTP_P_PR appears relatively weak ($\beta = 0.103$).

Table 20. Path Coefficients (β) for Structural Model 1. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE			0.363	0.239		0.384	0.103
B_F				0.373		0.230	
B_LOY							0.312
B_TR							-0.087
P_S							0.273
P_UN							0.281
WTP_P_PR							

As reported in the path coefficient matrix for Structural Model 2 (Table 21), Brand Experience shows positive relationships with all three mediating constructs, consistent with Structural Model 1. In particular, BE exerts a strong positive effect on P_UN ($\beta = 0.380$) and B_LOY ($\beta = 0.362$), and a moderate positive effect on B_TR ($\beta = 0.240$). Brand Familiarity similarly exerts positive direct effects on B_TR ($\beta = 0.372$) and P_UN ($\beta = 0.231$), and is interpreted as an antecedent construct accordingly. With regard to WTP_P_PR, the strongest positive direct relationship is observed for B_LOY ($\beta = 0.501$), followed by P_S ($\beta = 0.133$), interpreted as an antecedent construct through its direct path, and P_UN ($\beta = 0.095$). In contrast, B_TR shows a negative relationship with WTP_P_PR ($\beta = -0.170$) while the direct effect of BE on WTP_P_PR is very weak and negative ($\beta = -0.069$).

As in Structural Model 1, P_S is interpreted in this section as an antecedent construct through its direct path to WTP_P_PR, while its moderating role is assessed separately through the interaction term.

Table 21. Path Coefficients (β) for Structural Model 2. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE			0.362	0.240		0.380	-0.069
B_F				0.372		0.231	
B_LOY							0.501
B_TR							-0.170
P_S							0.133
P_UN							0.095
WTP_P_PR							

The significance of path coefficients is further assessed through a bootstrapping procedure, which is required in PLS-SEM due to its non-parametric nature. The procedure involves repeatedly resampling the original dataset with replacement to generate a distribution of estimates, from which standard errors, t-values, and p-values are derived (Hair et al., 2017). When the empirical t-value exceeds the critical threshold, or when the p-value falls below the selected significance level, the null hypothesis of no relationship is rejected. Significance tests in PLS-SEM can be either two-tailed or one-tailed. Commonly used critical values for two-tailed tests are 2.57 (1%), 1.96 (5%), and 1.65 (10%); for one-tailed tests, the corresponding values are 2.33 (1%), 1.65 (5%), and 1.28 (10%). Alternatively, significance can be assessed through p-values, which represent the probability of erroneously rejecting a true null hypothesis. Given the exploratory nature of the study, the analysis also considers relationships at the 10% level as marginally significant, although results reaching the 5% threshold are interpreted as more robust.

In conducting structural model assessments, researchers must select one of these criteria as the primary basis for significance evaluation. In the present study, significance is assessed through p-values obtained from the bootstrapping procedure, performed using 5,000 subsamples and applying the Bias-Corrected and Accelerated (BCa) method with a two-tailed test. Relationships are regarded as statistically significant when $p < 0.10$,

consistent with the exploratory nature of the study. Specifically, values in between 0.10 and 0.05 are interpreted as significant even if in a marginal way and values below 0.05 are interpreted as more robust.

The bootstrapping results for the Structural Model 1, visualized in Figure 10, indicate that several key relationships are statistically significant. Specifically, Brand Experience (BE) significantly influences B_LOY ($\beta = 0.363$, $p < 0.001$), B_TR ($\beta = 0.239$, $p = 0.017$), and P_UN ($\beta = 0.384$, $p < 0.001$), confirming its central role within the model. Among the mediating constructs, both B_LOY ($\beta = 0.312$, $p = 0.040$) and P_UN ($\beta = 0.281$, $p = 0.011$) significantly influence Willingness To Pay a Price Premium (WTP_P_PR). Similarly, Brand Familiarity (B_F) exerts significant positive effects on B_TR ($\beta = 0.373$, $p < 0.001$) and P_UN ($\beta = 0.230$, $p = 0.015$) while Price Sensitivity also shows a significant positive effect on WTP_P_PR ($\beta = 0.273$, $p = 0.006$). The direct effect of BE on WTP_P_PR is not statistically significant ($\beta = 0.103$, $p = 0.218$), providing preliminary evidence that the relationship may be transmitted through indirect mechanisms – especially P_UN and B_LOY –, which is examined formally in the mediation analysis section.

The same bootstrapping criteria were applied to the Structural Model 2, visually represented in Figure 11. The results indicate that Brand Experience (BE) again significantly influences B_LOY ($\beta = 0.362$, $p < 0.001$), B_TR ($\beta = 0.240$, $p = 0.016$), and P_UN ($\beta = 0.380$, $p < 0.001$), confirming its central role in shaping the mediating constructs. Brand Familiarity (B_F) also shows significant positive effects on B_TR ($\beta = 0.372$, $p < 0.001$) and P_UN ($\beta = 0.231$, $p = 0.014$). With regard to the dependent variable Willingness To Pay a Price Premium (WTP_P_PR), B_LOY shows a strong and significant positive effect ($\beta = 0.501$, $p < 0.001$), while B_TR ($\beta = -0.170$, $p = 0.227$), P_UN ($\beta = 0.095$, $p = 0.403$), and P_S ($\beta = 0.133$, $p = 0.192$) do not reach statistical significance.

The direct effect of BE on WTP_P_PR is also non-significant ($\beta = -0.069$, $p = 0.464$), suggesting that any influence of Brand Experience on the dependent variable may operate through indirect pathways as in the Structural Model 1.

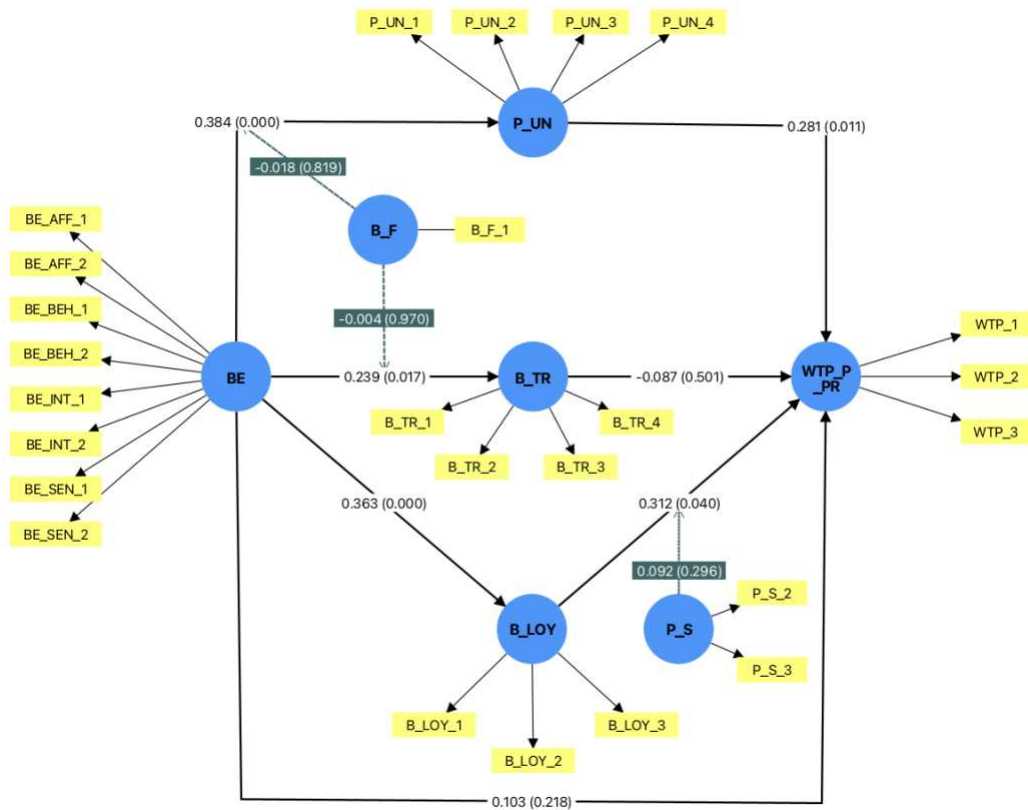


Figure 10. Path coefficients and p-values from the bootstrapping procedure for 3-Items WTP Model.
Source: The author; Software: SmartPLS 4

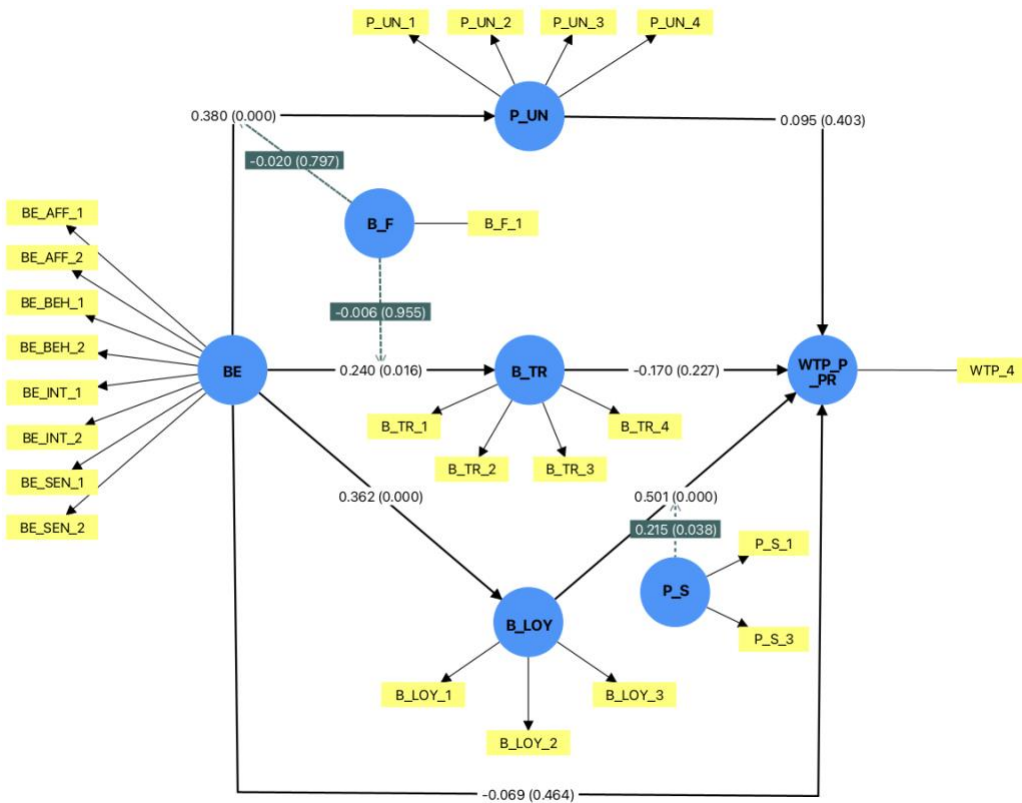


Figure 11. Path coefficients and p-values from the bootstrapping procedure for Open-Ended WTP Model.
Source: The author; Software: SmartPLS 4

After the examination and analysis of the relationships' significance by ensuring - through the bootstrapping procedure - that path coefficients are significantly different from zero, the analysis proceeds to assess the relevance of the structural relationships through bootstrapped total effects. These capture the overall influence of one construct on another, combining both direct and indirect contributions.

It is essential to note how each path coefficient can be more or less relevant compared to others in the same model. More specifically, Path coefficients are interpreted as standardized beta coefficients: a one-unit change in the exogenous construct changes the endogenous construct by the magnitude of the coefficient, holding all other constructs constant (Hair et al., 2017). The relevance of the structural relationships is further assessed through the bootstrapped total effects, which indicate the overall direct and indirect influence of one construct on another.

Where mediation is present – as in the relationship between BE and WTP_P_PR – the total effect is sum of the direct and all indirect effects, and therefore differs from the direct path coefficient examined above. This is not the case for the other constructs, where the total effect corresponds only to the direct effect therefore being equal to the path coefficients (β -values) previously studied.

As reported in Table 22, the strongest total effects in the Structural Model 1 are observed for the relationships between Brand Experience and Perceived Uniqueness (BE $\rightarrow$ P_UN; total effect= 0.384), Brand Familiarity and Brand Trust (B_F $\rightarrow$ B_TR; total effect= 0.373), and Brand Experience and Brand Loyalty (BE $\rightarrow$ B_LOY; total effect= 0.363). Focusing on the dependent variable, the most relevant predictors of WTP_P_PR are Brand Loyalty (WTP_P_PR $\rightarrow$ B_LOY; total effect = 0.312), Perceived Uniqueness (WTP_P_PR $\rightarrow$ P_UN; total effect = 0.281), and Price Sensitivity (WTP_P_PR $\rightarrow$ P_S; total effect = 0.273) in this order; indicating that consumers' willingness to pay a price premium is primarily driven by attitudinal and perceptual factors rather than by Brand Trust which is not significant (total effect = -0.087, $p = 0.501$).

Furthermore, the total effect of BE on WTP_P_PR is statistically significant (total effect = 0.303, $p = 0.001$), reinforcing the presence of mediation within the model. It is important to note, however, that this coefficient does not represent the direct effect of BE on WTP_P_PR, which was examined in the path coefficient analysis, but rather the overall effect, which is largely transmitted through the mediating constructs.

Table 22. Bootstrapping Total Effects for 3-Items WTP Model. Source: The author; Software: SmartPLS 4

	Original sample (O)	Sample mean (M)	Standard deviation	T statistics (O/STDEV)	P-values (p)
B_F → B_TR	0.373	0.371	0.094	3.988	0.000
B_F → P_UN	0.230	0.222	0.095	2.425	0.015
B_LOY → WTP_P_PR	0.312	0.313	0.152	2.055	0.040
B_TR → WTP_P_PR	-0.087	-0.091	0.129	0.673	0.501
BE → B_LOY	0.363	0.378	0.082	4.433	0.000
BE → B_TR	0.239	0.248	0.100	2.388	0.017
BE → P_UN	0.384	0.396	0.094	4.093	0.000
BE → WTP_P_PR	0.303	0.319	0.089	3.387	0.001
P_S → WTP_P_PR	0.273	0.275	0.099	2.764	0.006
P_UN → WTP_P_PR	0.281	0.281	0.110	2.555	0.011

Applying the same analytical perspective to Structural Model 2 (Table 23), the strongest total effects are observed for the relationship between Brand Loyalty and Willingness To Pay a Price Premium ($B_LOY \rightarrow WTP_P_PR$; total effect = 0.501), Brand Experience and Perceived Uniqueness ($BE \rightarrow P_UN$; total effect = 0.380), and Brand Experience and Brand Loyalty ($BE \rightarrow B_LOY$; total effect = 0.362). Focusing on the dependent variable WTP_P_PR , Brand Loyalty emerges as the dominant predictor ($WTP_P_PR \rightarrow B_LOY$; total effect = 0.501), while the effects of Perceived Uniqueness ($WTP_P_PR \rightarrow P_UN$; total effect = 0.095, $p = 0.403$) and Brand Trust ($WTP_P_PR \rightarrow B_TR$; total effect = -0.170, $p = 0.227$) are comparatively weak and statistically non-significant.

Furthermore, the total effect of BE on WTP_P_PR is also non-significant (total effect = 0.108, $p = 0.197$), indicating that Brand Experience does not exert a significant overall influence on WTP_P_PR in this model. Whether indirect mechanisms are present must therefore be verified through the analysis of specific indirect effects.

Table 23. Bootstrapping Total Effects for Open-Ended WTP Model. Source: The author; Software: SmartPLS 4

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P- values (p)
B_F → B_TR	0.372	0.370	0.093	4.007	0.000
B_F → P_UN	0.231	0.223	0.094	2.449	0.014
B_LOY → WTP_P_PR	0.501	0.481	0.135	3.701	0.000
B_TR → WTP_P_PR	-0.170	-0.158	0.141	1.208	0.227
BE → B_LOY	0.362	0.379	0.082	4.392	0.000
BE → B_TR	0.240	0.251	0.099	2.420	0.016
BE → P_UN	0.380	0.393	0.096	3.968	0.000
BE → WTP_P_PR	0.108	0.116	0.083	1.290	0.197
P_S → WTP_P_PR	0.133	0.144	0.102	1.304	0.192
P_UN → WTP_P_PR	0.095	0.091	0.114	0.836	0.403

4.3.3 Model's Explanatory Power

Having assessed the significance and relevance of the structural relationships, the analysis proceeds to evaluate the model's explanatory power for which, one of the most widely used indicator, is the coefficient of determination (R^2). R^2 measures the proportion of variance in each endogenous construct that is explained by its predictor – exogenous constructs – thereby providing an assessment of the model's in-sample explanatory power (Hair et al., 2022).

R^2 is calculated as the squared correlation between the actual and predicted values of a given endogenous construct with values ranging between 0 and 1 – with higher values indicating greater explanatory power (Hair et al., 2022). In the context of marketing research, values of 0.75, 0.50, and 0.25 are typically interpreted as substantial, moderate, and weak, respectively (Hair et al., 2017). However, excessively high values – above 0.90 – may indicate overfitting, whereby the model captures noise rather than the underlying population structure.

In more complex models, it is advisable to consider the adjusted coefficient of determination (R^2_{adj}), which accounts for the number of predictors relative to the sample size (Hair et al., 2017). This adjustment prevents the artificial inflation of R^2 that may occur when additional exogenous constructs are included without contributing meaningful explanatory power (Hair et al., 2017).

The results for Structural Model 1, reported in Table 24, indicate weak explanatory power for Brand Trust ($R^2 = 0.264$), Perceived Uniqueness ($R^2 = 0.270$), and Brand Loyalty ($R^2 = 0.132$), the latter falling below the weak threshold of 0.25. Willingness To Pay a Price Premium achieves the highest level of explained variance in the model ($R^2 = 0.470$), approaching the moderate threshold of 0.50.

The adjusted values confirm this pattern: WTP_P_PR ($R^2_{adj} = 0.436$) remains close to the moderate level, while Brand Trust ($R^2_{adj} = 0.241$), Perceived Uniqueness ($R^2_{adj} = 0.248$), and Brand Loyalty ($R^2_{adj} = 0.123$) fall within the weak range.

Table 24. R^2 and R^2_{adj} for Structural Model 1. Source: The author; Software: SmartPLS 4

	R^2	R^2_{adj}	Interpretation
B_LOY	0.132	0.123	very low
B_TR	0.264	0.241	weak
P_UN	0.270	0.248	weak
WTP_P_PR	0.470	0.436	weak-to-moderate

The results for Structural Model 2, reported in Table 25, reveal a comparatively lower overall explanatory power compared to Structural Model 1, with low R^2 values and concerning R^2_{adj} results. While Brand Trust ($R^2 = 0.264$) and Perceived Uniqueness ($R^2 = 0.267$) maintain weak levels of explained variance consistent with Structural Model 1, Willingness To Pay a Price Premium shows a substantial decrease ($R^2 = 0.270$), indicating a considerably weaker ability of the model to explain the dependent variable. At the same time, Brand Loyalty remains similarly low ($R^2 = 0.131$).

The adjusted R^2 values confirm this reduced explanatory performance across all constructs in Structural Model 2, with Willingness To Pay a Price Premium ($R^2_{adj} = 0.223$) displaying the most notable decline relative to Structural Model 1.

Table 25. R^2 and R^2_{adj} for Structural Model 2. Source: The author; Software: SmartPLS 4

	R^2	R^2_{adj}	Interpretation
B_LOY	0.131	0.122	very low
B_TR	0.264	0.241	weak
P_UN	0.267	0.244	weak
WTP_P_PR	0.270	0.223	weak

Overall, although R^2 and R^2_{adj} values remain weak across both models, Structural Model 1 demonstrates substantially superior explanatory power with respect to the key dependent variable WTP_P_PR, suggesting that the multi-item operationalization of Willingness To Pay a Price Premium captures a greater proportion of its variance than the single-item alternative in the present analysis.

4.3.4 Effect Sizes

Having evaluated the model's explanatory power, the analysis proceeds to assess the contribution of each exogenous construct to the R^2 of the endogenous constructs through the f^2 effect size. Specifically, f^2 is calculated by comparing the R^2 value of the full model with the R^2 obtained after removing a specific predictor, with the resulting difference indicating the relative impact of that predictor on the endogenous variable (Hair et al., 2017). In PLS-SEM, f^2 values are presented in matrix format - where rows represent predictor constructs and columns represent endogenous constructs - and are computed automatically in SmartPLS 4 therefore they may slightly differ from manual computations. To interpret these value is possible to rely on Cohen (1988), stating that values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively, while values below 0.02 suggest no meaningful effect.

The results for Structural Model 1, reported in Table 26, indicate that most effects range between small and medium. Brand Experience exerts medium effects on Perceived Uniqueness ($f^2 = 0.174$) and Brand Loyalty ($f^2 = 0.152$), and a small effect on Brand Trust ($f^2 = 0.067$). Brand Familiarity similarly shows a medium effect on B_TR ($f^2 = 0.156$) and a small effect on P_UN ($f^2 = 0.060$), highlighting its role in shaping these mediating constructs. With regard to Willingness To Pay a Price Premium (WTP_P_PR), the results

indicate that B_LOY ($f^2 = 0.061$), P_UN ($f^2 = 0.068$), and Price Sensitivity (P_S) ($f^2 = 0.120$) all exert small effects, with P_S representing the strongest contributor among them. In contrast, B_TR ($f^2 = 0.006$) and the direct path of BE ($f^2 = 0.015$) show no meaningful effects on WTP_P_PR, indicating that Brand Experience influences the dependent variable primarily through indirect pathways.

Table 26. f^2 effect sizes for Structural Model 1. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE			0.152	0.067		0.174	0.015
B_F				0.156		0.060	
B_LOY							0.061
B_TR							0.006
P_S							0.120
P_UN							0.068
WTP_P_PR							

The f^2 results for Structural Model 2, reported in Table 27, reveal a pattern largely consistent with Structural Model 1 for the mediating constructs but differing considerably with respect to Willingness To Pay a Price Premium (WTP_P_PR). Brand Experience continues to exert medium effects on B_LOY ($f^2 = 0.151$) and P_UN ($f^2 = 0.169$), and a small effect on B_TR ($f^2 = 0.067$), confirming its relevance as a predictor of the mediating variables. Brand Familiarity similarly shows a medium effect on B_TR ($f^2 = 0.155$) and a small effect on P_UN ($f^2 = 0.060$). With regard to WTP_P_PR, however, the pattern changes considerably: B_LOY emerges as the only predictor with a small effect ($f^2 = 0.113$), while P_S ($f^2 = 0.022$) contributes a small but marginal effect. Conversely, BE ($f^2 = 0.005$), B_TR ($f^2 = 0.015$), and P_UN ($f^2 = 0.006$) do not exert meaningful effects on the dependent variable.

Overall, although both models show comparable f^2 values for the mediating constructs, Structural Model 1 provides a more distributed explanation of WTP_P_PR, with small but meaningful contributions from B_LOY, P_UN, and P_S. In Structural Model 2, by contrast, the explained variance of WTP_P_PR relies almost exclusively on Brand Loyalty, with negligible contributions from the remaining constructs.

Table 27. f^2 effect sizes for Structural Model 2. Source: The author; Software: SmartPLS 4

	BE	B_F	B_LOY	B_TR	P_S	P_UN	WTP_P_PR
BE			0.151	0.067		0.169	0.005
B_F				0.155		0.060	
B_LOY							0.113
B_TR							0.015
P_S							0.022
P_UN							0.006
WTP_P_PR							

4.4 Analysis of 3-Items WTP Model and Open-Ended WTP Model

As discussed in the preceding sections, two alternative operationalizations of Willingness To Pay a Price Premium (WTP_P_PR) were tested in the present study. The 3-Items WTP Model conceptualizes WTP_P_PR through a multi-item, closed-ended seven-point Likert scale (WTP_1, WTP_2, WTP_3), whereas the Open-Ended WTP Model relies on a single-item, open-ended monetary measure (WTP_4).

The measurement of willingness to pay a price premium raises a recurring methodological question in marketing research: whether the construct is better captured by a multi-item, closed-ended scale – rooted in the brand-equity tradition – or by a single-item, open-ended measure – rooted in the willingness-to-pay measurement tradition. To the two formats, the literature attributes specific advantages and limitations which are empirically compared in this chapter.

In the customer-based brand-equity tradition, willingness to pay a price premium has conventionally been operationalized through a multi-item, closed-ended scale (Aaker, 1996b; Netemeyer et al., 2004). This reflects a broader methodological convention: multi-item scales are the standard approach to measuring latent constructs, and their use is recommended in structural equation modelling, and particularly in PLS-SEM, whenever the objective is to test theoretical relationships among constructs (Hair et al., 2017, 2022). This operationalization combines two distinct properties, each with its own benefit. The closed-ended format records responses on a common, predefined metric, which keeps them directly comparable across respondents. The use of multiple indicators, in turn,

offers two further advantages: averaging across indicators reduces the impact of random measurement error and yields a more reliable measure than any single item (Diamantopoulos et al., 2012); and, more specifically to PLS-SEM, only a multi-item construct allows the formal assessment of measurement quality - namely internal consistency reliability, through Cronbach's alpha and composite reliability, and convergent validity, through the average variance extracted - none of which can be computed for a single-item construct, whose indicator-construct correlation is fixed at 1.000 by design (Hair et al., 2017).

These benefits are not without cost, as longer scales increase respondent fatigue and the risk of misunderstanding, particularly in online surveys, which can compromise data quality (Hair et al., 2017). On this basis, the 3-Items WTP Model operationalizes WTP_P_PR through a multi-item, closed-ended scale in order to benefit from these properties while carefully considering the associated limits.

The single-item, open-ended measure of willingness to pay a price premium follows a different rationale, drawn from the more general literature on willingness-to-pay measurement offering a mixed assessment of open-ended elicitation: the format is valued for capturing willingness to pay directly, as the maximum price a buyer would pay for the product but it is also criticized for the response biases that this directness introduces. Among the advantages, single-item measures appear to be practical, offering ease of application, brevity, higher response rates, and lower research costs (Hair et al., 2017); and their predictive performance is not necessarily inferior, since Miller et al. (2011) show that the open-ended format, despite generating hypothetical bias, can reproduce accurate demand curves and support sound pricing decisions, in some cases outperforming choice-based conjoint analysis.

The limitations, however, are substantial. Open-ended, non-incentive-compatible responses tend to overstate willingness to pay a price premium relative to incentive-compatible mechanisms (Wertenbroch and Skiera, 2002; Miller et al., 2011). A single-item measure also rests on one informational source, which leaves it more exposed to missing data - since the absence of a single response removes all information for that observation - and which provides fewer values when the sample is partitioned into groups for comparative analysis (Hair et al., 2017). From a psychometric standpoint, measurement

error cannot be isolated and removed, so the measurement model itself cannot be fully assessed in PLS-SEM (Hair et al., 2017).

The two operationalizations may nonetheless converge under specific conditions. Bergkvist and Rossiter (2007) find no difference in predictive validity between single-item and multiple-item measures of constructs that have a concrete singular object and a concrete attribute, and conclude that single items are appropriate in such cases. A monetary willingness to pay a price premium meets this criterion, as it refers to one concrete, unambiguous quantity. Even so, this equivalence holds only within narrow limits, since Diamantopoulos et al. (2012) show that single items match multi-item scales in predictive validity only under restrictive circumstances - such as small samples, weak structural effects, and highly homogeneous items.

Whether a single-item, open-ended measure of willingness to pay a price premium performs comparably to a multi-item, closed-ended scale is therefore an empirical question, which the following sections address by testing the two operationalizations against each other. The following subsections address this in three steps: Section 4.4.1 compares their descriptive statistics against market benchmarks, Section 4.4.2 assesses their correlation to determine whether they are empirically distinct, and Section 4.4.3 draws the resulting conclusions to select the operationalization best suited to the present study.

4.4.1 Descriptive Statistics and Comparison with Market Benchmarks

To further contextualise the interpretation of results, it is informative to examine the descriptive statistics of both measures alongside the actual retail price of a Nespresso Original Line capsule, which serves as an objective external benchmark.

The 3-Items WTP Model composite score (the arithmetic mean of WTP_1, WTP_2, and WTP_3) has a mean of 3.31 and a median of 3.33 on the seven-point Likert scale (N = 100), placing the average response slightly below the scale midpoint and indicating a moderate, but not strongly expressed, disposition toward paying a price premium after the hypothesized physical event. The maximum premium selected by any respondent corresponded to 20%: the top two categories of the percentage-based item, which

represent premiums of 25% or more, were left unused, signalling modest premium tolerance in this sample.

The Open-Ended WTP Model (WTP_4) has a mean of €1.11 per capsule and a median of €0.60 per capsule (N = 100). For reference, the average official retail price of a Nespresso capsule in Italy is approximately €0.55 per unit⁵. The mean monetary response thus exceeds the market benchmark by a factor of approximately 2.0, while the median exceeds it by approximately 9%. This divergence between mean and median indicates a strongly right-skewed distribution, in which a minority of respondents reporting disproportionately high valuations (up to €5.00 per capsule) inflate the mean.

For further context, the average retail price of third-party capsules compatible with the Nespresso system – produced by brands such as Borbone, Lavazza, and Illy – ranges between €0.18 and €0.35 per capsule in the Italian market, with an estimated mean of approximately €0.26 per unit⁶. The official Nespresso price (≈€0.55) therefore already represents a premium of approximately 111% over the average compatible alternative, confirming Nespresso’s positioning as a premium brand within the coffee-capsule segment. Against this backdrop, the median WTP_4 response of €0.60 marginally exceeds the Nespresso benchmark while remaining well above the compatible-market average, suggesting that respondents broadly recognise and accept Nespresso’s premium positioning and are willing to pay a price premium for the brand’s capsules relative to alternatives in this mature market.

The distributional characteristics of both Willingness To Pay a Price Premium operationalizations are illustrated in Figures 12 and 13.

Figure 12 presents the frequency distribution of the Open-Ended WTP Model (WTP_4) across the N = 100 valid observations, using equal-width monetary bins. The distribution is markedly right-skewed: 55% of respondents report values at or below €0.60 per capsule (49% strictly below the median), while a thin upper tail extends to €5.00. The vertical lines mark the median (€0.60), the mean (€1.11), the actual Nespresso

⁵ The average price of €0.55 per capsule is calculated as a simple arithmetic mean based on the official Nespresso price list ([nespresso.com/it](https://www.nespresso.com/it), 2025), covering the full assortment of both the Original Line (ranging from €0.44 to €0.59) and the Vertuo Line (ranging from €0.49 to €0.75). Quantity discounts, temporary promotions, and the special large-format Carafe option are excluded from the calculation

⁶ Average estimated price of third-party capsules compatible with the Nespresso system in the Italian market: Borbone Respresso €0.18–0.20, Lavazza compatible €0.22–0.28, Illy compatible €0.30–0.35. Simple arithmetic mean of midpoints: $(0.19 + 0.25 + 0.325) / 3 \approx €0.26$ per capsule (sources: official brands’ websites).

market price ($\approx \text{€}0.55$), and the average compatible-capsule price ($\approx \text{€}0.26$); the gap between median and mean reflects the influence of a small number of high-value responses.

Figure 13 shows the frequency distribution of the 3-Items WTP Model composite scores across the same respondents. The distribution is approximately symmetric and centred slightly below the scale midpoint (mean 3.31, median 3.33), with no observation above a composite score of 6.0, consistent with the moderate premium tolerance previously noted.

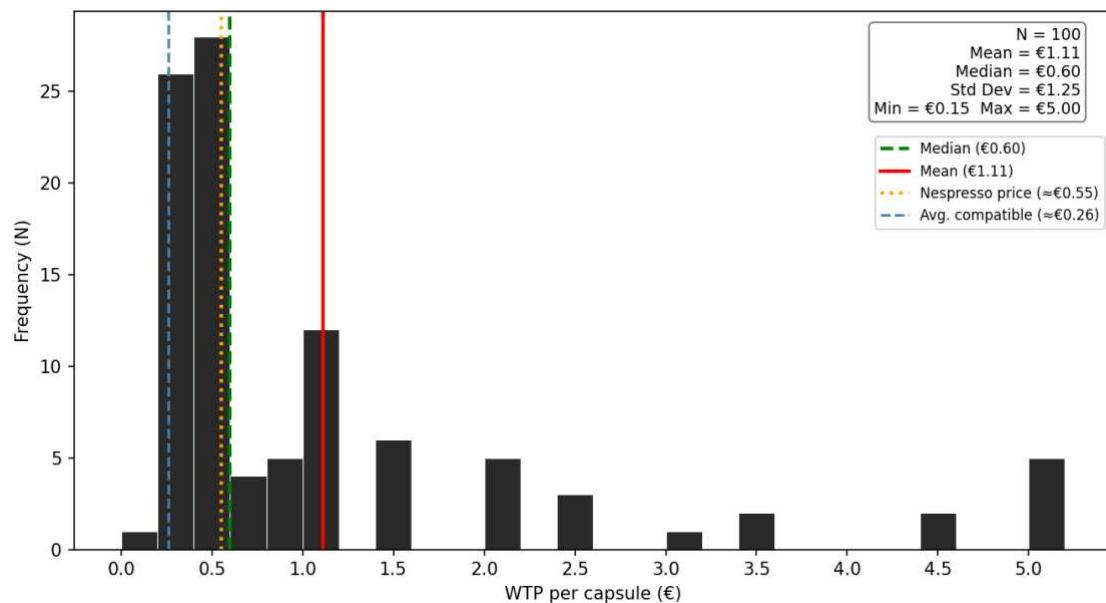


Figure 12. Frequency distribution of Open-Ended WTP Model responses, WTP_4.
Source: The author; N = 100

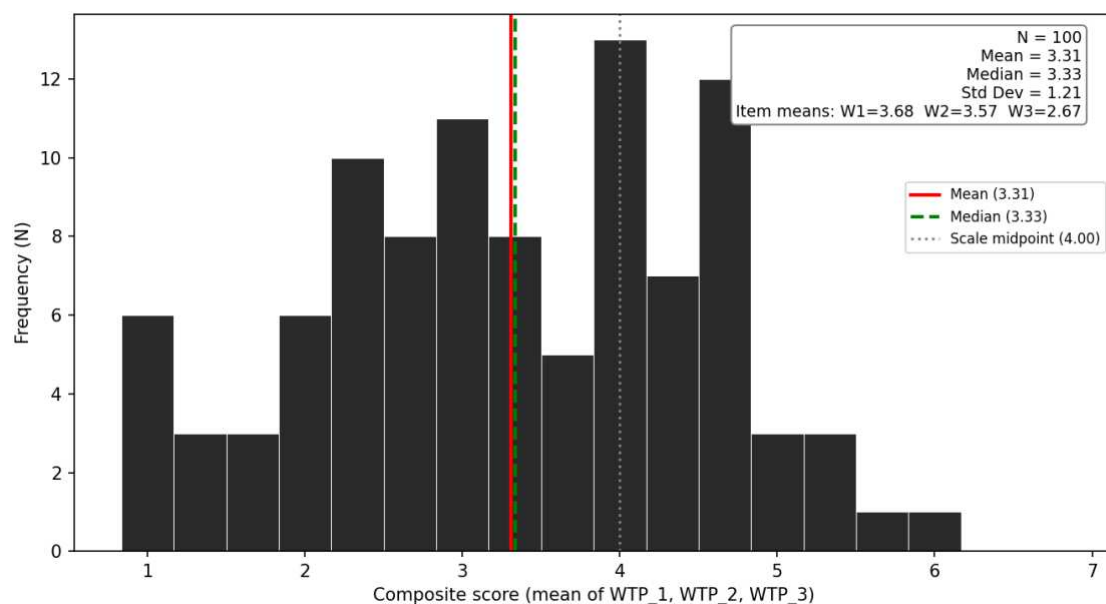


Figure 13. Frequency distribution of 3-Items WTP Model composite scores.
Source: The author; N = 100

These descriptive findings raise a methodological concern that merits critical attention: both operationalizations appear to produce WTP estimates that are elevated relative to the actual market price. The mean of the Open-Ended WTP Model lies well above the actual market price, a pattern widely documented in studies comparing stated and revealed willingness to pay (Wertenbroch & Skiera, 2002; Miller et al., 2011). More generally, stated willingness to pay may not correspond to real transactional behaviour (Netemeyer et al., 2004), a caveat that applies to both measures and that must be considered when interpreting the present results.

From the perspective of the Open-Ended WTP Model, the gap between the mean response (€1.11) and the market benchmark ($\approx$ €0.55) is consistent with a known limitation of hypothetical monetary elicitation. Wertenbroch and Skiera (2002) caution that when consumers state the maximum price they would pay without any real economic consequence, their valuations may systematically exceed their true willingness to pay, because hypothetical questions decouple the response from the budget constraints and purchase risk that discipline real-world price judgements. Miller et al. (2011) similarly show that open-ended responses are affected by hypothetical bias and are less accurate than those obtained through incentive-compatible methods, even if they can still recover usable demand curves. The strong right-skewness of the WTP_4 distribution is symptomatic of this instability: a subset of respondents provided extreme values that inflate the mean without reflecting the typical respondent's price tolerance.

A second, context-specific source of upward bias is relevant to the present study: the questionnaire was administered as a scenario-based survey immediately after exposure to a physical Nespresso brand-event simulation. Zarantonello and Schmitt (2013) show that event marketing enhances brand attitude and generates positive affective states, which can in turn inflate perceptual judgements, including perceived value and acceptable price levels. The willingness-to-pay a price premium values captured here – particularly through the open-ended format – may therefore partly reflect an in-the-moment emotional premium induced by the experiential context rather than a stable, generalizable monetary disposition. This interpretation is consistent with Dwivedi et al. (2018), who find that brand experience drives willingness to pay a price premium mainly through attitudinal and perceptual mediators, such as perceived uniqueness and brand credibility, rather than through a direct and durable monetary valuation mechanism.

The 3-Items WTP Model is not wholly immune to this risk. Lichtenstein et al. (1993) demonstrate that consumers' price perceptions are shaped by internal reference prices and contextual cues. Moreover, Netemeyer et al. (2004), in developing the multi-item scale adopted in the present study, acknowledge that willingness to pay a price premium measures capture a disposition that does not necessarily map onto actual transactional behaviour. In principle, the positive affective state generated by the brand scenario could raise Likert-scale responses as well, albeit with less extreme variance due to the bounded nature of the scale. The composite mean, however, lies below the scale midpoint (3.31), so the closed-ended measure shows no comparable upward displacement.

Taken together, these descriptive findings show that the two operationalizations differ not only in measurement format but also in their distributional behaviour relative to the external market benchmark. This asymmetry provides an initial empirical basis for questioning their interchangeability and motivates a formal assessment of the degree of convergence between the two measures, which is conducted in the following section through a Pearson correlation analysis.

4.4.2 Correlation Analysis between 3-Items WTP Model and Open-Ended WTP Model

To evaluate the degree of convergence between the two measures, a Pearson correlation analysis was conducted between the 3-Items WTP Model and the Open-Ended WTP Model. The 3-Items WTP Model was computed as the arithmetic mean of the three indicators WTP_1, WTP_2, and WTP_3, while the Open-Ended WTP Model corresponds to the raw value of the WTP_4 indicator. The Pearson correlation coefficient (r) measures the strength and direction of the linear association between two continuous variables, ranging from -1 to +1, where values close to ± 1 indicate a strong linear relationship and values close to 0 the absence of a linear association. The squared coefficient (r^2) represents the proportion of variance shared by the two variables, and can be read as the percentage of variance in one measure that is explained by the other. Following Cohen (1988), values of r around ± 0.10 indicate a small effect, ± 0.30 a medium effect, and ± 0.50 or above a large effect ($r^2 \geq 0.25$). As a stricter benchmark, correlations of ± 0.70 or above ($r^2 \geq 0.49$) are conventionally taken as strong evidence of convergent validity.

The correlation analysis yielded a Pearson coefficient of $r = 0.368$, with a corresponding $r^2 = 0.135$. The computed t-statistic equals 3.92 and the two-tailed p-value is 0.00017, so the relationship is positive and statistically significant at the 0.1% level. The magnitude of the correlation can be interpreted as moderate, yet the shared variance remains limited: the r^2 indicates that only 13.5% of the variance is common to the two operationalizations. Although the 3-Items WTP Model and the Open-Ended WTP Model are positively associated, they are therefore not correlated strongly enough to be considered empirically interchangeable indicators of the same construct.

This conclusion is consistent with the scatter plot reported in Figure 14. The points follow an upward-sloping trendline, indicating a positive relationship between the two measures, but they remain considerably dispersed around the regression line. The graphical pattern confirms a low-to-moderate correlation, insufficient to support full empirical equivalence between the two operationalizations of Willingness To Pay a Price Premium.

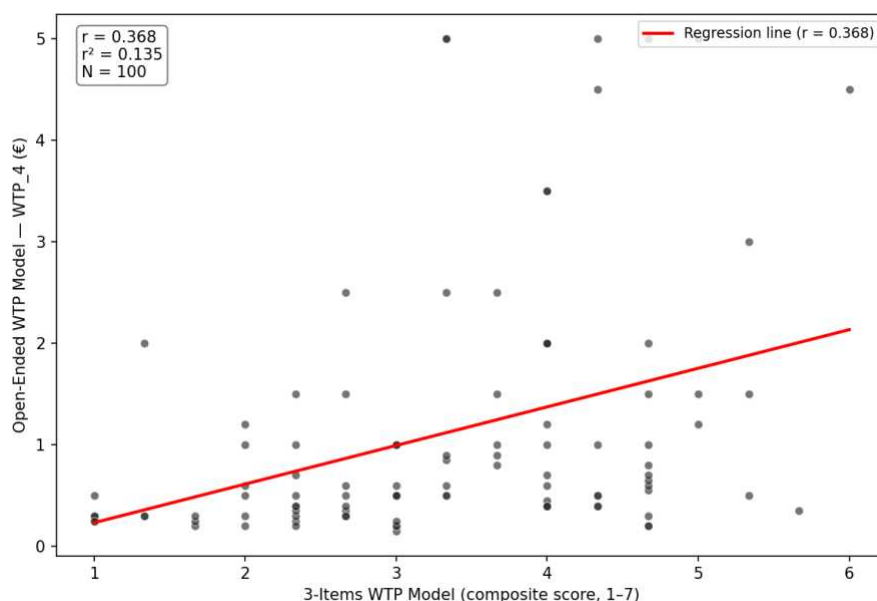


Figure 14. Correlation between 3-Items WTP Model and Open-Ended WTP Model. Source: The author

Taken together, these findings are consistent with the expectation previously set out. The two operationalizations refer to the same broader theoretical domain – Willingness To Pay a Price Premium (WTP_P_PR) – but they capture partially different facets of it reflecting the differences of two measurement traditions – the closed-ended, multi-item

scale from the customer-based brand-equity literature, and the open-ended monetary measure from the willingness-to-pay measurement literature.

A moderate rather than strong correlation is therefore unsurprising, since the two formats capture partially different facets of the construct. The 3-Items WTP Model reflects a more attitudinal, perception-based disposition toward paying a premium – a relative premium intention toward the brand – whereas the Open-Ended WTP Model captures a more concrete, behaviourally grounded monetary expression – an absolute price. This divergence is reinforced by the distributional evidence presented in Section 4.4.1, where the open-ended measure showed considerably greater sensitivity to extreme responses and to contextual inflation relative to the market benchmark.

Accordingly, the correlation analysis does not justify treating the two measures as fully equivalent; it shows that they are related but not interchangeable. This has a direct implication for the subsequent analysis: the selection between the 3-Items WTP Model and the Open-Ended WTP Model cannot rest on the assumption that the two operationalizations perform identically but must instead be based on a formal comparison of measurement robustness, explanatory power, parsimony, and model fit.

4.4.3 Model Selection

Having established that the two operationalizations of Willingness To Pay a Price Premium (WTP_P_PR) are positively related but not empirically interchangeable, the next step is to determine which specification provides the most appropriate representation of the dependent variable within the PLS-SEM framework. The model selection procedure compares the 3-Items WTP Model and the Open-Ended WTP Model on the basis of criteria that go beyond simple correlation, namely explanatory power, parsimony, model fit, and measurement robustness.

The principle of parsimony emphasises achieving an adequate representation of the phenomenon under investigation while maintaining the simplest possible model structure. Explanatory power is commonly assessed through R^2 and adjusted R^2 (R^2_{adj}); for model comparison, R^2_{adj} is preferred, as it accounts for model complexity and prevents the artificial inflation of explanatory power caused by the inclusion of additional predictors by researchers.

A model that achieves higher explanatory power while maintaining a parsimonious structure is considered as preferable (Hair et al., 2022). The objective is therefore not merely to identify the statistically simpler specification, but to select the model that offers the most robust and theoretically coherent representation of the Willingness To Pay a Price Premium (WTP_P_PR) construct in the present study.

When focusing on explanatory power, the 3-Items WTP Model clearly outperforms the Open-Ended WTP Model. In particular, the variance explained in the key dependent variable WTP_P_PR is substantially higher in the 3-Items WTP Model ($R^2 = 0.470$) than in the Open-Ended WTP Model ($R^2 = 0.270$). This result indicates that the 3-Items WTP Model provides a more comprehensive explanation of Willingness To Pay a Price Premium, reflecting the richer representation of the construct through multiple indicators. The difference persists after adjusting for model complexity, the adjusted R^2 for WTP_P_PR is 0.436 in the 3-Items WTP Model against 0.223 in the Open-Ended WTP Model.

The two models also differ in how explanatory effects are distributed across predictors, as shown by the structural total effects. In the 3-Items WTP Model, Willingness To Pay a Price Premium is driven significantly, and fairly evenly, by Brand Experience (total effect = 0.303, $p = 0.001$), Brand Loyalty (total effect = 0.312, $p = 0.040$), and Perceived Uniqueness (total effect = 0.281, $p = 0.011$). In the Open-Ended WTP Model, by contrast, the effect is concentrated almost entirely in Brand Loyalty (total effect = 0.501, $p < 0.001$), while the remaining predictors are non-significant.

From a parsimony perspective, however, the Open-Ended WTP Model is inherently simpler, as it relies on a single-item measure for WTP_P_PR. This reduced complexity may enhance interpretability but comes at the cost of lower explanatory power and weaker measurement robustness.

To formally account for the trade-off between parsimony and explanatory power, additional model selection criteria may be taken into consideration. In particular, Sharma et al. (2019) identify the Bayesian Information Criterion (BIC) and the Geweke and Meese criterion (GM) as particularly suitable for PLS-SEM-based model selection tasks (Hair et al., 2022). Both criteria have performed well in selecting correctly specified models with low prediction errors, especially in studies such as the present one, where the out-of-

sample predictive power (Q^2) of the model was not assessed. Given the similarity of their results and the greater computational simplicity of BIC, the present analysis focuses on this criterion.

The BIC is automatically computed in SmartPLS 4 as:

$$BIC_i = n \left[\log \left(\frac{SSE_i}{n} \right) + \frac{p_k \log(n)}{n} \right]$$

where SSE_i is the sum of squared errors for model i , n is the sample size, and p_k is the number of predictors of the target construct plus one.

The BIC focuses on the model's key target construct, which in the present study is Willingness To Pay a Price Premium (WTP_P_PR). The best model is the one that minimizes the BIC value. As reported in Table 28, the 3-Items WTP Model (-32.323) exhibits a substantially lower BIC value than the Open-Ended WTP Model (-0.289) for WTP_P_PR, providing strong evidence in its favour.

Table 28. BIC criteria for 3-Items WTP Model and Open-Ended WTP Model. Source: The author; Software: SmartPLS 4

	BIC – 3-Items WTP Model	BIC – Open-Ended WTP Model
B_LOY	-5.953	- 5.826
B_TR	-13.213	- 13.280
P_UN	-14.097	- 13.648
WTP_P_PR	-32.323	- 0.289

A limitation of model comparison through the BIC criterion is that it provides no insight into the weight of evidence in favour of each model, particularly when the difference between models is small. Even though this is not the case here – the superiority of the 3-Items WTP Model over the Open-Ended WTP Model is evident – the Akaike weights are also computed to complete the analysis.

These weights represent the relative likelihood of each model given the data and allow for a probabilistic interpretation of model superiority (Hair et al., 2022).

The computation is based on the following expressions:

$$w_i(BIC) = \frac{\exp\left\{-\frac{1}{2}\Delta_i(BIC)\right\}}{\sum_{k=1}^K \exp\left\{-\frac{1}{2}\Delta_k(BIC)\right\}} \quad \text{with}$$

$$\Delta_i(BIC) = BIC_i - BIC_{min}$$

The results strongly support the 3-Items WTP Model, which achieves an Akaike weight of 99.99%, while the Open-Ended WTP Model is effectively rejected (0.01%).

Furthermore, the susceptibility of the Open-Ended WTP Model to context-driven over-estimation, as previously discussed, provides an additional methodological argument in favour of the 3-Items WTP Model. As established in that section, the open-ended monetary format proved particularly sensitive to the affective state induced by the brand-event scenario, producing a strongly right-skewed distribution (mean €1.11, median €0.60) that substantially exceeds the average official retail price of a Nespresso capsule ($\approx$ €0.55). The 3-Items WTP Model, by contrast, relies on a bounded seven-point Likert scale that is inherently less vulnerable to extreme outliers and distributional skewness, providing more stable and reliable estimates of consumers' willingness to pay a price premium.

Overall, despite being less parsimonious, the 3-Items WTP Model demonstrates superior performance in terms of explanatory power, measurement robustness, and model fit. Consequently, the 3-Items WTP Model is selected as the preferred specification of Willingness To Pay a Price Premium for the present study and the subsequent analysis and considerations are carried out for the 3-Items WTP Model only.

4.5 Mediation Analysis

A mediation effect arises when the relationship between an exogenous and an endogenous construct is transmitted, completely or partially, through one or more intervening variables: a change in the exogenous construct produces a variation in the mediators, which in turn influence the endogenous construct within the PLS-SEM framework. Whereas a direct effect captures the immediate influence of an exogenous construct on an endogenous one, mediation analysis isolates the indirect effects that operate through intermediary mechanisms (Hair et al., 2017).

Grounded in the theoretical framework developed in Chapter 2, this analysis examines how, and through which underlying mechanisms, the Brand Experience (BE), elicited by physical brand events, is translated into Willingness To Pay a Price Premium (WTP_P_PR) rather than treating that relationship as immediate or mechanical.

In line with the central proposition of the study, the three customer-based brand equity (CBBE) mechanisms identified in the theoretical framework – Perceived Uniqueness (P_UN), Brand Trust (B_TR), and Brand Loyalty (B_LOY) – are examined simultaneously as parallel mediators of the relationship between Brand Experience (BE) and Willingness to Pay a Price Premium (WTP_P_PR). A multiple parallel mediation model is therefore adopted, estimating the three indirect paths jointly and providing a comprehensive account of the mechanisms underlying the focal relationship (Hair et al., 2017). Following Zhao et al. (2010), mediation is classified into five categories: complementary, competitive, indirect-only, direct-only nonmediation, and no-effect nonmediation. Complementary and competitive mediation occur when both the direct and indirect effects are significant, with concordant or discordant signs respectively; indirect-only mediation when only the indirect effect is significant; direct-only nonmediation when only the direct effect is significant; and no-effect nonmediation when neither is significant.

Before conducting the analysis, the assessment of mediation effects requires that both the measurement model and structural model meet the established reliability and validity criteria, particularly with respect to the mediating constructs. Given its superior performance established in the model selection section, the 3-Items WTP Model provides the more robust basis for assessing mediation, in which all mediating constructs satisfy

the measurement-model reliability and validity criteria (see Chapter 4.2) – and is therefore retained for the mediation analysis.

The analysis then proceeds in two steps (Hair et al., 2017). The first assesses the significance of the specific indirect effects, obtained from the bootstrapping procedure (Table 29); each indirect effect is evaluated individually within the multiple-mediation model, and the total indirect effect is assessed thereafter (Table 30). Significance is established at the 0.05 level; given the exploratory nature of the analysis, effects significant at the 0.10 level are also retained. High collinearity among mediators may produce sign inconsistencies and the misclassification of mediation effects, but this issue is not observed in the present model.

In the first step, the findings indicate that the indirect effect of Perceived Uniqueness (P_UN) in the relationship between Brand Experience (BE) and Willingness To Pay a Price Premium (WTP_P_PR) is positive and statistically significant ($a_1b_1 = 0.108$; $p = 0.043$) significant at the 5% level, supporting the presence of mediation. Similarly, Brand Loyalty shows an indirect effect of comparable – indeed marginally larger – magnitude ($a_3b_3 = 0.113$), significant only at the 10% level ($p = 0.064$); it therefore operates as a less statistically robust mediator. In contrast, the indirect effect through Brand Trust is not significant ($a_2b_2 = -0.021$; $p = 0.558$), consistent with its non-significant direct effect in the structural model.

The second step examines the direct effect of BE on WTP_P_PR. As shown in the bootstrapping results for the 3-Items WTP Model (Figure 10), this path is positive but not significant ($\beta = 0.103$; $p = 0.218$), indicating that Brand Experience does not influence Willingness To Pay a Price Premium directly. Consistent with the diagnostic role of this path in the mediation framework (H0), its non-significance, set against significant indirect effects, points to a fully indirect transmission.

These results allow each mechanism to be classified. Perceived Uniqueness and Brand Loyalty both exhibit indirect-only mediation – significant indirect effects in the absence of a significant direct effect – corresponding to what was traditionally labelled full mediation. In contrast, Brand Trust is classified as no-effect nonmediation, since neither its direct nor its indirect effect is significant.

Table 29. Indirect effects for 3-Items WTP Model. Source: The author; Software: SmartPLS 4

	Direction	Original sample (ab)	Sample mean (M)	Standard deviation (STDEV)	T statistics (ab/STDEV)	P-values (p)
BE → P_UN → WTP_P_PR (a_1b_1)	+	0.108	0.112	0.053	2.022	0.043
BE → B_TR → WTP_P_PR (a_2b_2)	-	-0.021	-0.022	0.035	0.585	0.558
BE → B_LOY → WTP_P_PR (a_3b_3)	+	0.113	0.117	0.061	1.854	0.064

In a multiple-mediation model, the single-mediator classifications are complemented by the total indirect effect (Hair et al., 2017). As reported in Table 30, the total indirect effect of BE on WTP_P_PR is positive and significant ($\Sigma ab = 0.200$; $p < 0.001$), equal to the sum of the three specific indirect effects (Σab). Combined with the non-significant direct effect, this classifies the overall model as indirect-only mediation, indicating that Brand Experience influences Willingness To Pay a Price Premium entirely through the mediating CBBE mechanisms, in line with the hypothesized framework.

Table 30. Total indirect effects from bootstrapping for 3-Items WTP Model. Source: The author; Software: SmartPLS 4

	Original sample (Σab)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P-values (p)
BE → WTP_P_PR	0.200	0.206	0.056	3.581	0.000

Overall, the brand experience elicited by physical brand events affects consumers' willingness to pay a price premium through indirect mechanisms rather than directly. Perceived Uniqueness provides the most statistically robust indirect path, suggesting that consumers become more willing to pay a premium when their brand experience strengthens perceptions of distinctiveness. Brand Loyalty contributes an indirect effect of similar magnitude but lower statistical robustness, indicating the importance of relational mechanisms. Brand Trust, by contrast, does not operate as a significant mediator.

4.6 Moderation Analysis

Moderation describes a situation in which the relationship between two constructs is not constant but depends on the values of a third variable, the moderator. Moderating variables are therefore modelled as interaction effects, which capture how variations in the level of the moderator influence the direction and/or the strength of a relationship between constructs, thereby accounting for heterogeneity in the dataset.

Following the results of the model selection process, only the moderators of the 3-Items WTP Model are analysed. Specifically, Brand Familiarity (B_F) is introduced as a moderator of the effect of Brand Experience (BE) on Perceived Uniqueness (P_UN) and on Brand Trust (B_TR), while Price Sensitivity (P_S) is examined as a moderator of the relationship between Brand Loyalty (B_LOY) and Willingness To Pay a Price Premium (WTP_P_PR).

There are two types of moderating relationships, namely continuous and categorical. In the present analysis both moderators are measured on seven-point Likert scales, treated as continuous metrics – consistent with PLS-SEM and marketing research practice – as their values are assumed to approximate interval-level measurement. Furthermore, it is essential to recall that P_S is measured through reflective multi-item indicators, whereas B_F relies on a single-item scale.

A distinction must be drawn between the direct structural paths associated with Brand Familiarity and Price Sensitivity and their hypothesized moderation effects. The significant direct paths reported in the structural model analysis indicate that these constructs contribute to the model as antecedent variables through their direct effects. Specifically, Brand Familiarity has positive and significant direct effects on Perceived Uniqueness ($\beta = 0.230$; $p = 0.015$) and on Brand Trust ($\beta = 0.373$; $p < 0.001$), while Price Sensitivity has a positive and significant direct effect on Willingness To Pay a Price Premium ($\beta = 0.273$; $p = 0.006$). These direct effects were not part of the original hypotheses – in which Brand Familiarity and Price Sensitivity were specified solely as moderators (H4a, H4b, and H5) – and therefore emerge as additional empirical findings.

Whether the two constructs also function as genuine moderators depends on the significance of the interaction terms. A complementary analysis of the specific moderating

relationships is therefore required to avoid the misleading conclusions that would follow from studying a moderator looking only at its direct effect. Specifically, if the interaction term is significant, the moderator is said to affect the focal relationship.

Given that both the exogenous constructs and the moderators are modelled as reflective constructs, and given that the objective is to test the significance of the moderating effects, the two-stage approach is adopted to estimate the interaction terms. This approach is recommended in PLS-SEM when the focus is on hypothesis testing rather than prediction, and is the default procedure in SmartPLS 4 (Hair et al., 2017). The two-stage approach first estimates the main-effect model, without the interaction term, to obtain the latent variable scores, and then multiplies them to form a single-item measure representing the interaction term.

As shown in Table 31, derived from the bootstrapping procedure, none of the three interaction terms is statistically significant, with p-values consistently above the 0.10 threshold adopted in the structural model analysis (Hair et al., 2017). Specifically, the interaction between Brand Familiarity and Brand Experience (B_F x BE) on Brand Trust is effectively zero and non-significant ($\beta = -0.004$, $p = 0.970$), the interaction between Brand Familiarity and Brand Experience (B_F x BE) on Perceived Uniqueness is very small and non-significant ($\beta = -0.018$, $p = 0.819$), and the interaction between Price Sensitivity and Brand Loyalty (P_S x B_LOY) on Willingness To Pay a Price Premium is positive but still non-significant ($\beta = 0.092$, $p = 0.296$). Therefore, the data do not provide evidence of moderating effects in the 3-Items WTP Model.

According to Hair et al. (2017), an important step in moderation analysis is the assessment of f^2 values to evaluate the strength of the interaction effect. As none of the three interaction terms is significant, the f^2 values are not computed, since they would not alter the interpretation of the results.

As noted above, all three moderators nonetheless display a significant direct effect on their related endogenous constructs. Brand Familiarity and Price Sensitivity therefore act as relevant antecedents within the model, but not as genuine moderators of the hypothesized focal relationships.

Table 31. Interaction terms of moderators from bootstrapping. Source: The author; Software: SmartPLS 4

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P- values (p)
B_F x BE → B_TR	-0.004	0.004	0.112	0.038	0.970
B_F x BE → P_UN	-0.018	-0.017	0.079	0.229	0.819
P_S x B_LOY → WTP_P_PR	0.092	0.089	0.088	1.044	0.296

4.7 Hypothesis Testing

At the end of the PLS-SEM analysis – after the measurement model was used to retain only the reliable and valid items, and on the basis of the structural model assessment – the hypotheses developed in Chapter 2 are tested to establish whether the proposed relationships are supported. Consistent with the model comparison procedure and the correlation analysis between the two alternative operationalizations of Willingness To Pay a Price Premium, the 3-Items WTP Model is retained as the preferred specification and serves as the reference model for the final hypothesis assessment. This choice reflects its stronger measurement performance and its higher explanatory power for the final dependent variable.

Each hypothesis is evaluated individually on the basis of the bootstrapping results, assessing the sign, magnitude, and statistical significance of the estimated coefficients. Table 32 provides an overview of all the hypotheses developed in the theoretical framework, combining the hypothesized direction of each relationship with the corresponding empirical evidence: the estimated coefficient, standard deviation, t-statistic, p-value, and the decision regarding support or non-support. In this way, the table offers a concise summary of the full set of direct, mediation, and moderation hypotheses before moving to the broader interpretation of the findings in the concluding chapters.

Consistent with the exploratory nature of the present research and the 10% significance level adopted throughout, a relationship is considered significant when $|t| > 1.65$ – that is, above +1.65 or below –1.65 – and the p-value is below 0.10.

Table 32. Direction, β , STDEV, t-statistic, p-value, and decision for each hypothesis. Source: The author

Hypothesis	Direction	Original Sample (O)	Standard deviation (STDEV)	T statistics (O/STDEV)	P-values (p)	Decision
H1a: BE $\rightarrow$ P_UN	+	0.384 (D)	0.094	4.093	0.000	Supported direct effect
H1b: P_UN $\rightarrow$ WTP_P_PR	+	0.281 (D)	0.110	2.555	0.011	Supported direct effect
H2a: BE $\rightarrow$ B_TR	+	0.239 (D)	0.100	2.388	0.017	Supported direct effect
H2b: B_TR $\rightarrow$ WTP_P_PR	-	-0.087 (D)	0.129	0.673	0.501	Not supported direct effect
H3a: BE $\rightarrow$ B_LOY	+	0.363 (D)	0.082	4.433	0.000	Supported direct effect
H3b: B_LOY $\rightarrow$ WTP_P_PR	+	0.312 (D)	0.152	2.055	0.040	Supported direct effect
H1: BE $\rightarrow$ P_UN $\rightarrow$ WTP_P_PR	+	0.108 (I)	0.053	2.022	0.043	Supported indirect effect
H2: BE $\rightarrow$ B_TR $\rightarrow$ WTP_P_PR	-	-0.021(I)	0.035	0.585	0.558	Not supported indirect effect
H3: BE $\rightarrow$ B_LOY $\rightarrow$ WTP_P_PR	+	0.113 (I)	0.061	1.854	0.064	Supported indirect effect

H4a: BE x B_F → P_UN	-	-0.018 (M)	0.079	0.229	0.819	Not supported moderation
H4b: BE x B_F → B_TR	-	-0.004 (M)	0.112	0.038	0.970	Not supported moderation
H5: B_LOY x P_S → WTP_P_PR	-	0.092 (M)	0.088	1.044	0.296	Not supported moderation
H0: BE → WTP_P_PR	+	0.103 (D)	0.083	1.233	0.218	Not supported direct effect

Note: H1a, H1b, H2a, H2b, H3a, and H3b are measured by bootstrapping direct effect (D); H1, H2, and H3 are measured by bootstrapping indirect effect (I); H4a, H4b, and H5 are measured by bootstrapping interaction term (M).

In addition to the direct, mediating, and moderating hypotheses, the direct relationship between Brand Experience and Willingness To Pay a Price Premium (H0) is reported in Table 32. This path is estimated because it is methodologically necessary to determine whether the effect of Brand Experience on Willingness To Pay a Price Premium remains direct once the mediators are introduced into the model.

Concerning the direct effects, hypotheses H1a and H1b, relating to Perceived Uniqueness (P_UN) are both positive and significant. Thus, it is possible to support the hypothesis that “Brand experience, elicited by physical brand events, positively influences perceived uniqueness” (H1a: BE → P_UN; $\beta = 0.384$, $p < 0.001$) and that, in turn, “Perceived uniqueness positively influences consumers’ willingness to pay a price premium” (H1b: P_UN → WTP_P_PR; $\beta = 0.281$, $p = 0.011$). These findings indicate that brand experience contributes to consumers’ price premium acceptance by strengthening the perception that the brand is distinctive relative to competing alternatives.

When analysing the role of Brand Trust (B_TR) in the model findings support the hypothesis that “Brand experience, elicited by physical brand events, positively influences

consumers' Brand Trust" (H2a: BE → B_TR; $\beta = 0.239$, $p = 0.017$) but reject the hypothesis that "Brand trust positively influences consumers' willingness to pay a price premium" (H2b: B_TR → WTP_P_PR; $\beta = -0.087$, $p = 0.501$). Therefore, although experiential interactions enhance trust in the brand, this in turn does not translate into a higher willingness to pay a premium in the present model; the negative sign further indicates that the hypothesized positive relationship does not hold.

For Brand Loyalty (B_LOY), hypotheses H3a and H3b are both positive and significant. Specifically, the model supports the hypothesis that "Brand experience, elicited by physical brand events, positively influences brand loyalty" (H3a: BE → B_LOY; $\beta = 0.363$, $p < 0.001$) at the same time also supporting the possibility that "Brand loyalty positively influences consumers' willingness to pay a price premium" (H3b: B_LOY → WTP_P_PR; $\beta = 0.312$, $p = 0.040$). Brand experience may therefore increase consumers' acceptance of premium prices by reinforcing their relational attachment toward the brand.

It results from this analysis that, among the determinants of Willingness To Pay a Price Premium (WTP_P_PR), the strongest direct effect is exerted by Brand Loyalty ($\beta = 0.312$), followed by Perceived Uniqueness ($\beta = 0.281$), while Brand Trust is not significant ($p = 0.501$). Consumers' willingness to pay a price premium is therefore driven primarily by attitudinal, behavioral, advocacy (Brand Loyalty) and perceptual (Perceived Uniqueness) factors rather than by brand trust.

Once significance has been assessed for the direct effects and the interaction terms, the explanatory power of the model is examined for the supported relationships. As shown in Table 24, Perceived Uniqueness ($R^2 = 0.270$; $R^2_{adj} = 0.248$), Brand Trust ($R^2 = 0.264$; $R^2_{adj} = 0.241$), and Brand Loyalty ($R^2 = 0.132$; $R^2_{adj} = 0.123$) display weak explanatory power, whereas Willingness To Pay a Price Premium ($R^2 = 0.470$; $R^2_{adj} = 0.436$) reaches a weak-to-moderate level.

The f^2 effect sizes are also examined to assess the contribution of each supported relationship (Table 33); for which f^2 values of 0.02, 0.15, and 0.35 indicate small, medium, and large effects, respectively. In the present analyses, it is possible to note how Brand Experience (BE) exerts a stronger effect on Perceived Uniqueness (P_UN) ($f^2 = 0.174$) than on Brand Loyalty (B_LOY) ($f^2 = 0.152$) – both medium – and only a small effect on Brand Trust (B_TR) ($f^2 = 0.067$). On the Willingness To Pay a Price Premium side, both Perceived

Uniqueness (P_UN) ($f^2 = 0.068$) and Brand Loyalty (B_LOY) ($f^2 = 0.061$) contribute only small effect sizes, with Perceived Uniqueness marginally higher.

Table 33. *Supported hypotheses and f^2 . Source: The author*

Hypothesis	f^2	Effect
H1a: BE $\rightarrow$ P_UN	0.174	medium
H1b: P_UN $\rightarrow$ WTP_P_PR	0.068	low
H2a: BE $\rightarrow$ B_TR	0.067	low
H3a: BE $\rightarrow$ B_LOY	0.152	medium
H3b: B_LOY $\rightarrow$ WTP_P_PR	0.061	low

As discussed in the mediation analysis, the overall model is classified as indirect-only mediation – traditionally labelled full mediation – because the direct effect of Brand Experience on Willingness To Pay a Price Premium (H0: BE $\rightarrow$ WTP_P_PR) is not significant ($p = 0.218$) while the total indirect effect is significant ($p < 0.001$). Examining the specific paths (Table 32), it has resulted that Brand Trust ($a_2b_2 = -0.021$; $p = 0.558$) is the only mechanism showing no mediation – as expected, given the non-significant relationship between B_TR and WTP_P_PR. Whereas both Perceived Uniqueness ($a_1b_1 = 0.108$; $p = 0.043$) and Brand Loyalty ($a_3b_3 = 0.113$; $p = 0.064$) display indirect-only mediation, with Brand Loyalty contributing in a slightly higher magnitude even if at lower statistical robustness, indicating the importance in strengthening perceptions of distinctiveness and relational attachment.

The moderation analysis shows that none of the three interaction terms is statistically significant – H4a ($p = 0.819$), H4b ($p = 0.970$), and H5 ($p = 0.296$) – so that the three moderating hypotheses are not supported. Originally, H4a was formulated as “Brand familiarity moderates the relationship between brand experience, elicited by physical brand events, and perceived uniqueness, such that the effect is stronger when brand familiarity is low”; H4b as “Brand familiarity moderates the relationship between brand experience, elicited by physical brand events, and brand trust, such that the effect is stronger when brand familiarity is low”; and H5 as “Price sensitivity moderates the relationship between brand loyalty and willingness to pay a price premium, such that the effect is stronger when price sensitivity is low”. Although the estimated directions are

broadly consistent with the literature, the non-significance of the interaction terms means that brand familiarity and price sensitivity do not operate as moderators in the present model.

Although their moderating role is not supported, Brand Familiarity and Price Sensitivity display significant direct effects and are therefore retained in the final model as direct antecedents. These effects were not part of the original hypotheses and emerge as additional empirical findings, reported separately in Table 34: Brand Familiarity positively influences both Perceived Uniqueness ($\beta = 0.230$; $p = 0.015$) and Brand Trust ($\beta = 0.373$; $p < 0.001$), while Price Sensitivity exerts a positive direct effect on Willingness To Pay a Price Premium ($\beta = 0.273$; $p = 0.006$). Brand Familiarity and Price Sensitivity thus contribute to the model as relevant antecedents rather than as moderators of the hypothesized focal relationships.

Table 34. Direct effects of Brand Familiarity and Price Sensitivity. Source: the author; Software: SmartPLS 4

Hypothesis	Direction	Original Sample (O)	Standard deviation (STDEV)	T statistics (O/STDEV)	P-values (p)	Decision
B_F $\rightarrow$ P_UN	+	0.230	0.095	2.425	0.015	Supported direct effect
B_F $\rightarrow$ B_TR	+	0.373	0.094	3.988	0.000	Supported direct effect
P_S $\rightarrow$ WTP_P_PR	+	0.273	0.099	2.764	0.006	Supported direct effect

This comprehensive assessment leads to the Final Structural Model (Figure 15), which synthesises the empirical results of the 3-Items WTP Model by reporting the path coefficients (β), the corresponding p-values, and the coefficient of determination (R^2) for each endogenous construct. Significant paths are shown as solid arrows. The path from Brand Experience to Brand Trust (H2a) remains significant and is retained, whereas the non-significant path from Brand Trust to willingness to pay a price premium (H2b) is not reported, so that Brand Trust does not operate as a mediator. Brand Familiarity and Price

Sensitivity are included through their significant direct paths, while the non-significant interaction terms are removed.

Overall, the hypothesis testing supports the central role of brand experience, elicited by physical brand events, in shaping consumers' willingness to pay a price premium indirectly through customer-based brand equity mechanisms. In particular, Perceived Uniqueness (H1: $\beta = 0.384$, $p < 0.001 \rightarrow \beta = 0.281$, $p = 0.011$) is the most statistically robust mediating mechanism (significant at the 5% level), while Brand Loyalty (H3: $\beta = 0.363$, $p < 0.001 \rightarrow \beta = 0.312$, $p = 0.040$) contributes an indirect effect of slightly higher magnitude, significant at the 10% level. Brand Trust (H2), although significantly influenced by Brand Experience ($\beta = 0.239$, $p = 0.017$), does not receive support as a mediator and is therefore not part of the final mediation. The moderating hypotheses (H4a: $BE \times B_F \rightarrow P_UN$; H4b: $BE \times B_F \rightarrow B_TR$; H5: $B_LOY \times P_S \rightarrow WTP_P_PR$) are not supported and the corresponding interaction terms are removed, while Brand Familiarity and Price Sensitivity are retained as direct antecedents. Lastly, the direct path from Brand Experience and Willingness To Pay a Price Premium ($BE \rightarrow WTP_P_PR$) is not significant and is excluded, so that the final model takes the form of an indirect-only (full) mediation.

This indirect-only mediation is consistent with the expectations of the present research. Therefore, even though the moderating effects are not supported and Brand Trust does not act as a mediator, the findings remain theoretically coherent and aligned with the hypothesized mediation framework. The model's explanatory power nonetheless remains modest, with R^2 values ranging from weak to moderate across the endogenous constructs and f^2 effect sizes generally in the small-to-medium range. These results suggest that, while the identified mechanisms are statistically meaningful, additional constructs or boundary conditions not captured in the present model may also contribute to explaining consumers' willingness to pay a price premium.

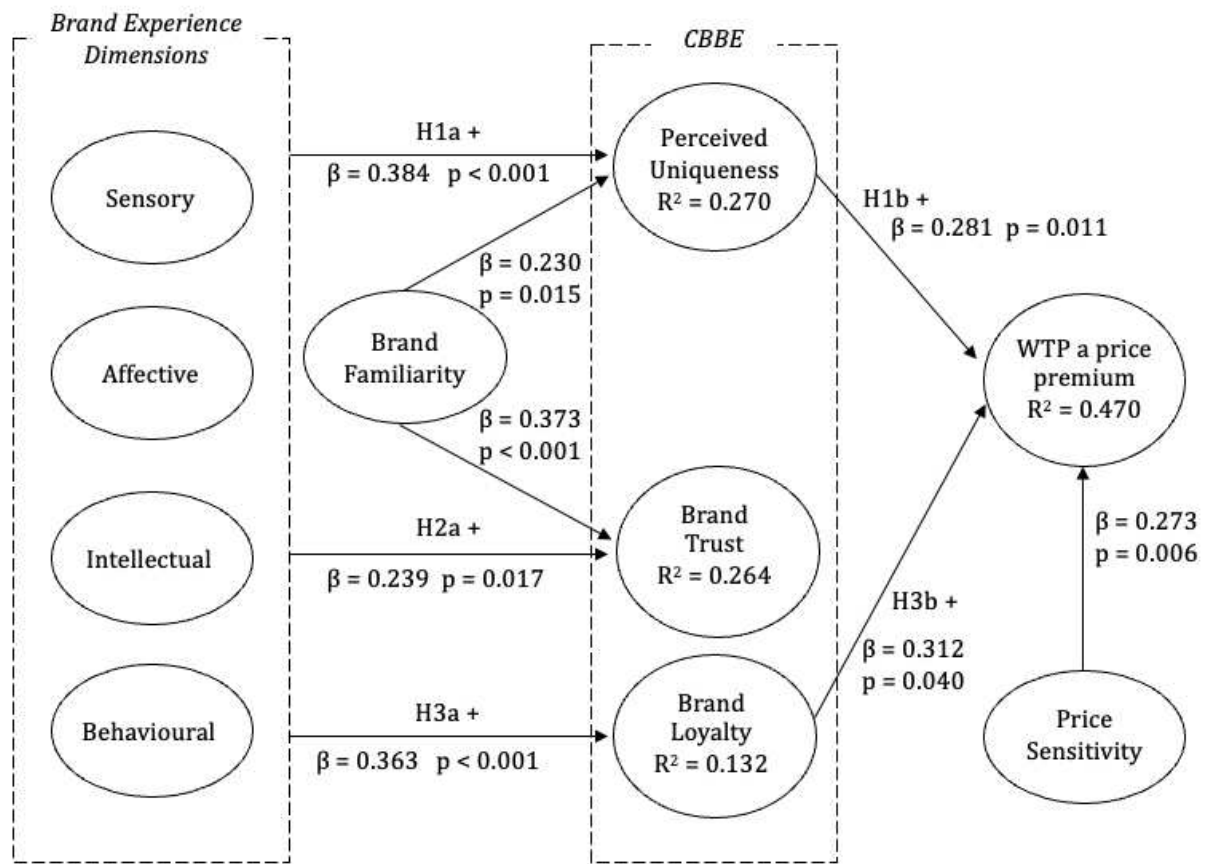


Figure 15. Final Structural Model. Source: The author

5. Discussion

After the measurement and structural model assessments presented in Chapter 4, the purpose of this chapter is to interpret the empirical findings of the study against the theoretical framework built in the literature review and the research question. Chapters 1 and 2 established the conceptual foundations and derived the hypotheses from an integrative reading of the experience economy, experiential marketing and brand experience, event marketing, customer-based brand equity, and willingness to pay a price premium studies. Chapters 3 and 4 then translated that framework into a survey-based PLS-SEM design and reported its results.

The present study investigated whether brand experience, elicited by physical brand events, influences consumers' willingness to pay a price premium for a brand operating in a low-involvement product category within a mature market, and whether this relationship is transmitted through customer-based brand equity mechanisms. The question is posed from the consumer's side, since it is the consumer who ultimately determines whether a mature brand is perceived as distinctive, valuable, and worth paying more for a brand than its alternatives in the same market (Gentile et al., 2007; Brakus et al., 2009). Within this logic, perceived uniqueness, brand trust, and brand loyalty were selected as the three mechanisms through which experiential stimuli might acquire economic relevance– corresponding respectively to brand meaning, consumer judgments, and brand resonance in Keller's (2001) CBBE framework.

Brand experience proves to matter for implementing premium pricing strategies, but not directly or automatically. Its economic relevance depends on the specific customer-based meanings and relational responses that it is able to activate. The empirical results do not support the simple idea that exposing consumers to a physical brand event directly increases their willingness to pay more thanks to the created brand experience; instead, the preferred model indicates this relationship is mainly indirect: perceived uniqueness and brand loyalty are the two mediators, whereas brand trust is not. The study therefore supports a mediation-based interpretation of experiential value creation rather than a generic or unconditional interpretation of brand experience elicited by physical events.

The discussion proceeds in five steps. It first clarifies how the measurement and structural results frame the interpretation; it then examines the choice of the preferred willingness-to-pay operationalization; addresses the absent direct effect of brand experience and willingness to pay a price premium; discusses the mediating roles of perceived uniqueness, brand trust, and brand loyalty individually; and finally evaluates the non-significant moderating effects.

5.1 Grounding the Interpretation in the Model

Before discussing the hypotheses individually, it is useful to clarify how the measurement and structural model results support the interpretation of the findings.

The hypotheses can be interpreted only against the quality of the model that produced them. The measurement assessment supplies that basis: the retained indicators broadly met the reliability and validity thresholds required in PLS-SEM, so that brand experience, perceived uniqueness, brand trust, brand loyalty, and willingness to pay a price premium are measured with enough reliability and distinctiveness for the mediation results to be trusted and the same applies to the moderators – brand familiarity and price sensitivity. After one problematic indicator was removed, the model offered an acceptable empirical ground for interpreting the structural relationships.

The structural model then settled the nature of the relationship under study. The direct path from brand experience to willingness to pay a price premium was not significant, so the results indicate that brand experience matters for price premium acceptance only once it is translated into specific CBBE mechanisms. Far from weakening the model, the non-significant direct effect reinforces its mediation logic, it states how the economic value of the encounter is not immediate but depends on how consumers perceive, interpret and evaluate the brand after the physical event, in light of the brand experience it evokes. The stimulus, therefore, appears able to activate some brand-related mechanisms, yet not all of them explain willingness to pay a price premium – which is why they are examined separately in the following sections, before the moderation effects.

5.2 Willingness To Pay a Price Premium Model Selection

The first issue concerns the operationalization of the dependent variable willingness to pay a price premium. The analysis weighed two alternatives: the 3-Items WTP Model – multi-item, closed-ended seven-point Likert scale– and the Open-Ended WTP Model – a single, open-ended monetary item.

Multi-item scales are the recommended choice in PLS-SEM when the aim is to test relationships among latent constructs, since they allow reliability and validity to be assessed and reduce random measurement error (Diamantopoulos et al., 2012; Hair et al., 2017; Hair et al., 2022). On the other hand, single-item monetary measures elicit willingness to pay a price premium directly as the maximum price a consumer would pay; the literature, however, documents their exposure to bias (Wertenbroch & Skiera, 2002; Bergkvist & Rossiter, 2007; Miller et al., 2011).

Empirically, the two measures proved to be related but not interchangeable. Their correlation was positive and significant yet only moderate: they share the same theoretical domain without expressing willingness to pay a price premium in the same way. The 3-Items WTP Model captures an attitudinal disposition toward accepting a premium, whereas the Open-Ended WTP Model captures a more concrete but less stable monetary expression. The model comparison reinforced this interpretation: the 3-Items WTP Model showed stronger explanatory power and measurement robustness, explaining a substantially larger share of variance in WTP_P_PR construct than the Open-Ended one.

Since the thesis tests relationships among latent constructs rather than forecasting an exact transaction price, and in light with the comparison results, the validated multi-item scale is the more coherent operationalization with the theoretical nature and the PLS-SEM analysis of the present research model.

The preference for the 3-Items WTP Model should not however be interpreted uncritically. Closed-ended scales reduce random measurement error and permit reliability assessment, but they remain stated-intention measures and do not establish the extent to which consumers would actually pay more in a real purchase situation. The open-ended distribution was strongly right-skewed – its mean far exceeded the market benchmark of roughly €0.55 per capsule while its median sat close to it – pointing to acute

sensitivity, to extreme responses, and to the hypothetical nature of the task consistently with the documented tendency of hypothetical elicitation to inflate willingness to pay (Wertenbroch & Skiera, 2002; Miller et al., 2011). Both operationalizations should therefore be interpreted as stated, context-sensitive expressions of willingness to pay a price premium rather than as precise forecasts of actual purchasing behaviour.

5.3 Brand Experience and the Indirect Route to a Price Premium

A central result of the study is that brand experience does not significantly influence willingness to pay a price premium directly. This finding unsettles the simplified assumption that more engaging or memorable physical events, eliciting brand experiences, mechanically produce economic outcomes. In the preferred model, the direct path from brand experience to willingness to pay a price premium was positive but non-significant while the total indirect effect was significant. The economic effect therefore travels along a chain: the physical event elicits the brand experience, the brand experience produces customer-based brand value, and only value raises willingness to pay a price premium. The experiential response does not, by itself, translate into a price premium; it acquires economic relevance only once it reshapes how consumers perceive, interpret and evaluate the brand.

This is what customer-based brand equity would predict. For Keller (2001), brand value resides in consumers' knowledge structures, judgments, feelings, and relationships with the brand; a physical event therefore cannot generate willingness to pay a price premium merely by eliciting sensory, affective, behavioural, or intellectual responses – it must first change how the brand is perceived, interpreted and evaluated. The empirical findings support this logic by showing that the effect of brand experience on willingness to pay a price premium is transmitted through specific CBBE mechanisms, especially perceived uniqueness and brand loyalty.

This result also sets a clear boundary on the optimistic view of brand experience as a direct economic lever by using physical brand events. An event can produce attention, emotion, and memorability without conferring pricing power: it may be pleasant without

making the brand less substitutable, memorable without deepening loyalty, and credible without justifying a higher price. The absence of a direct effect therefore suggests that brand experience, elicited by physical brand events, should be theorized as antecedent of customer-based brand equity outcomes rather than as direct driver of price premium acceptance.

5.4 How Brand Experience Translates into a Price Premium

5.4.1 Perceived Uniqueness as a Mediating Mechanism

Among the mediating mechanisms tested in the model, perceived uniqueness emerges as the most robust pathway. The first mediation hypothesis held that brand experience, elicited by physical events, significantly increases perceived uniqueness, which in turn raises willingness to pay a price premium.

Both links are supported, and because the indirect effect is significant while the direct path from brand experience to willingness to pay a price premium is not, the mechanism takes the form of indirect-only mediation – traditionally termed full mediation. The result aligns with Dwivedi et al. (2018), who likewise found perceived uniqueness to mediate the relationship between brand experience to willingness to pay a price premium. However, where their study reported partial mediation, the present one finds full mediation, indicating that here brand experience becomes economically meaningful only when it strengthens consumers' perception of the brand as distinctive and less substitutable.

This robustness, however, is relative. The magnitudes involved remain modest throughout: the variance explained in willingness to pay a price premium is only weak-to-moderate, the relevant f^2 effect sizes are small to medium, while the indirect effect itself is small.

The effect of brand experience on perceived uniqueness fits the experiential logic of Brakus et al. (2009) and Zarantonello and Schmitt (2013), in which brand-related stimuli build richer, more memorable, and personally meaningful brand associations. In the present study, the physical event works as a differentiation device in eliciting brand experience: it does not create willingness to pay a price premium directly, but it

strengthens the sense that the brand offers something meaningfully different from competing alternatives. The supported relationship between perceived uniqueness to willingness to pay a price premium also aligns with pricing and brand equity literature. If consumers perceive a brand as more distinctive than comparable alternatives, it can more easily command a price premium because the consumer is no longer evaluating the product only in functional or price-comparative terms alone (Aaker, 1996b; Pine & Gilmore, 1999; Netemeyer et al., 2004).

This mechanism matters most where functional differentiation is hard to sustain – that is, in low-involvement product categories within mature markets. There, the brand experience supports a price premium only when it helps the brand escape perceived substitutability. To achieve this objective, the firm stages concrete elements – in the Nespresso scenario, aroma exploration, origin storytelling, coffee tasting, and sustainability-related activities – in order to elicit a customers' responses across the sensory, affective, intellectual, and behavioural dimensions (Brakus et al., 2009). The elicited brand experience raises willingness to pay a price premium only when it is translated into a perception of the brand as distinctive and less substitutable; the event elements are therefore valuable not as enjoyable components in themselves, but as triggers of the experiential response that strengthens perceived uniqueness.

5.4.2 Brand Trust and its Limits as a Price Premium Mechanism

The second mediation hypothesis – that Brand Trust would mediate the positive effect of brand experience, elicited by physical brand events, on consumers' willingness to pay a price premium - is not supported.

On one side, brand experience has a positive and significant effect on brand trust, confirming that the experiential stimulus reinforces consumers' perception of the brand as reliable and credible – consistent with prior research showing that direct and meaningful brand interactions can strengthen trust (Ha & Perks, 2005; Khan & Fatma, 2017). The present research confirms this relationship, suggesting that it can occur even in a low-involvement product category within a mature market – a finding that partially contrasts with Ramaseshan and Stein (2014) study. However, the second relationship does not work since brand trust does not significantly influence willingness to pay a price

premium. This result for the second relationship is less consistent with studies linking trust and credibility to stronger relationships and better market outcomes (Chaudhuri & Holbrook, 2001; Khan & Fatma, 2017; Dwivedi et al., 2018).

The non-supported mediation does not imply that trust is irrelevant: for brands in mature markets, it is necessary but not sufficient for pricing power. A plausible explanation is that, for a mature brand, trust may function more as a baseline expectation rather than as a price premium driver. In this context, such as the case of Nespresso, consumers may already expect the brand to be reliable, competent, and credible, so the marginal trust an event adds is not distinctive enough to justify a higher monetary sacrifice. Therefore, trust sustains legitimacy and lowers perceived risk thanks to brand experience, but it does not create the added value that persuades consumers to accept a price premium.

5.4.3 Brand Loyalty as a Mediating Mechanism

The third mediation hypothesis proposed that brand loyalty mediates the positive effect of brand experience, elicited by physical brand events, on consumers' willingness to pay a price premium. Data support this hypothesis, both direct paths are significant and the specific indirect effect holds at the exploratory threshold; therefore, supporting a second indirect-only mediation mechanism in the present framework.

This finding extends the work of Akram and Imran (2024), who placed brand loyalty between sensory brand experience and willingness to pay, by showing that the logic carries over to a multidimensional conceptualization of experience spanning sensory, affective, intellectual, and behavioural dimensions (Brakus et al., 2009).

The positive relationship between brand experience and brand loyalty – here understood through its attitudinal, behavioral, and advocacy components – is consistent with prior research suggesting that meaningful, memorable, involving experiences strengthen consumer-brand relationships over time (Brakus et al., 2009; Iglesias et al., 2011; Ramaseshan & Stein, 2014; Khan & Fatma, 2017), although some evidence indicates that this relationship may vary across brand experience dimensions (Francisco-Maffezzolli et al., 2014; Pina & Dias, 2021; Gao & Shen, 2024).

The positive effect of brand loyalty on willingness to pay a price premium is equally well grounded: loyal consumers are generally more willing to maintain a preferential relationship with a brand and resist switching to cheaper alternatives, supporting the acceptance of a price premium by reducing the appeal of competitors and increasing price tolerance (Nagle & Holden, 2002; Chaudhuri & Holbrook, 2001; Keller, 1993; Yoo et al., 2000).

Nevertheless, this result should be interpreted with caution. Against perceived uniqueness, the indirect effect through brand loyalty is statistically less robust – significant only under the more lenient 10% exploratory threshold – even if of slightly stronger magnitude. Additionally, the magnitudes involved remain modest: brand experience explains only a small share of the variance in brand loyalty, the relevant f^2 effect sizes range from small to medium, and the indirect effect itself is small.

Read as a whole, the confirmed mediation traces a coherent relational route. The brand experience elicited by the physical event – generating sensory, affective, intellectual, and behavioural responses (Brakus et al., 2009) – significantly strengthens brand loyalty, which, in turn, significantly raises willingness to pay a price premium. Concretely, the experience makes consumers more committed to the brand (attitudinal loyalty), more likely to keep choosing it rather than switch to alternatives (behavioural loyalty), and more willing to recommend it to others (advocacy loyalty). In low-involvement product categories within mature markets – such as Nespresso -, this relational route is especially valuable: the attachment that loyalty represents stabilizes demand, reduces vulnerability to competitive pricing pressure, and helps the brand defend a premium positioning (Keller, 2001).

5.4.4 Non-significant Moderation and the Direct Role of Brand Familiarity and Price Sensitivity

None of the three moderating hypotheses is supported by the results of the present thesis. Brand familiarity does not significantly alter the effect of brand experience on perceived uniqueness or brand trust, and price sensitivity does not alter the effect of brand loyalty on willingness to pay a price premium. The final model is therefore best read as a mediation model rather than a conditional process.

The first moderation hypothesis expected brand familiarity to strengthen the relationship between brand experience and perceived uniqueness, such that the effect of the customers' response would be stronger when familiarity was lower. This expectation is consistent with the theoretical rationale according to which consumers with lower familiarity possess less developed brand knowledge structures and may therefore rely more heavily on newly available experiential cues and responses when evaluating the brand's distinctiveness (Alba & Hutchinson, 1987; Keller, 1993; Dawar & Lei, 2009).

However, the empirical results do not support this moderation effect – brand experience shapes perceived uniqueness independently regardless of customers' prior level of familiarity. A possible explanation is that the selected brand already enjoyed enough established knowledge among respondents to suppress the variation familiarity would need to moderate the effect.

The second moderation hypothesis assumed that brand familiarity would moderate the relationship between brand experience and brand trust, again expecting the effect to be stronger under conditions of lower familiarity – less familiar consumers have weaker pre-existing beliefs about the brand and may therefore assign greater diagnostic value to direct experiential cues when forming trust-related judgments. Since trust is built through direct and indirect experiences with the brand, an immersive physical event was expected to create customers' responses able to reduce uncertainty and strengthen trust especially among consumers who had not yet developed stable brand beliefs (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Alemán, 2001; Ha & Perks, 2005; Dawar & Lei, 2009). Also in this case, results do not support this moderation effect.

A possible explanation is that trust in a mature brand may already be consolidated before the physical event, especially among respondents who recognise the brand and associate it with reliability and credibility. Consequently, the elicited brand experience reinforced trust similarly across familiarity levels rather than disproportionately among the less familiar.

The non-supported moderating role of price sensitivity also requires a cautious interpretation. The hypothesis according to which low levels of price sensitivity strengthen the relationship between brand loyalty and willingness to pay a price premium, was theoretically consistent with previous literature. Specifically, branding and

pricing literature suggests that loyal consumers are generally less price sensitive more willing to pay the full price, or even a premium price for a preferred brand, because loyalty reduces the appeal of cheaper options (Lichtenstein et al., 1993; Goldsmith & Newell, 1997; Yoo et al., 2000; Nagle & Holden, 2002; Dwivedi et al., 2018). However, even this last moderation was not supported by the results of the present study.

A plausible explanation is that the willingness to pay a price premium measure captures a stated premium intention rather than an actual purchase decision under real budget constraints, so respondents could voice loyalty-based willingness without triggering the price trade-offs a real decision would impose (Wertenbroch & Skiera, 2002; Netemeyer et al., 2004; Miller et al., 2011). A further explanation may come from the broader pricing literature, which emphasises that willingness to pay a price premium is shaped not only by price sensitivity, but also by perceived value, relational attachment, and the psychological interpretation of the price-value exchange which were not analysed in the present model (Baker et al., 2010; Simon & Fassnacht, 2019).

The absence of significant moderation suggests that the experiential mechanisms operate fairly evenly across consumer profiles than initially expected. This does not render familiarity and price sensitivity irrelevant in general; it shows only that they did not act as statistically supported boundary conditions in this research.

A further, unanticipated result concerns brand familiarity and price sensitivity. Although both constructs were hypothesised as moderators (H4a, H4b, and H5), the interaction terms were non-significant whereas their direct effects were significant. Therefore, brand familiarity positively predicted both perceived uniqueness and brand trust while price sensitivity positively predicted willingness to pay a price premium representing an exploratory result. This shift – from hypothesised moderators to direct antecedents – is plausible in light of the maturity of the focal brand. For a widely recognised brand such as Nespresso, familiarity is high and relatively homogeneous across respondents, which may at once explain its direct link to brand perceptions and leave too little variance for it to operate as a moderator. Additionally, price sensitivity may not operate as a moderator in the present low-involvement product category. Because these direct paths were not part of the hypothesised model, they are best regarded as exploratory and interpreted with caution.

5.5 Synthesis of the Discussion

Taken together, the findings provide a nuanced answer to the research question. Brand experience, elicited by physical brand events, does not increase consumers' willingness to pay a price premium on its own; its effect runs entirely through two customer-based brand equity mechanisms – perceived uniqueness and brand loyalty. Perceived uniqueness emerges as the most robust mediator, suggesting that brand experience acquires economic relevance by making the brand appear distinctive and less substitutable in consumers' minds. Brand loyalty provides a second pathway – slightly stronger in magnitude but less statistically robust – highlighting how creating attitudinal and behavioral commitment while fostering advocacy can translate into economic value. Brand trust, though strengthened by brand experience elicited by the physical event, does not convert into willingness to pay a price premium in the present model. This result suggests that credibility, while reinforced by customers' responses from the event, is not sufficient to generate pricing power in a mature market and low-involvement product category where consumers already expect the brand to be reliable.

Brand familiarity and price sensitivity, finally, do not condition these relationships but enter the model as direct antecedents, locating the model's explanatory weight in the mediating mechanisms rather than in consumer-level boundary conditions.

The overarching implication is that brand experience generates pricing power indirectly rather than automatically. Brand experience is therefore not a self-sufficient premium-pricing lever; its economic value emerges only when the physical events from which it has been elicited form part of a broader and consistent effort to build customer-based brand value - strengthening both the brand's perceived uniqueness and loyalty CBBE mechanism - by altering the way customers perceive, interpret and evaluate the brand. The theoretical and practical significance of these findings is developed in the chapters that follow.

6. Theoretical Contributions

This chapter sets out the theoretical implications of the study, explaining how its findings advance existing knowledge and refine prior assumptions across four domains: brand experience, event marketing, customer-based brand equity, and willingness to pay a price premium.

Its overarching contribution is integrative. Brand experience, physical brand events, customer-based brand equity, and willingness to pay a price premium have largely been studied in separate streams; the present study specifies and empirically tests a single model that links them, tracing how the brand experience elicited by a physical brand event is converted into an economic outcome – willingness to pay a price premium – and identifying which customer-based mechanisms – perceived uniqueness, brand trust, and brand loyalty – carry that effect for a brand operating in a low-involvement product category within a mature market.

This integrative effort yields three more specific contributions, developed in the sections that follow. The first concerns the brand experience and event-marketing literature: the pattern of full, indirect-only mediation recasts physical brand events as mechanisms of customer-based brand value formation, thanks to the brand experience they elicit, rather than as direct economic levers. The second concerns customer-based brand equity and willingness-to-pay a price premium research, which the study brings together by specifying which equity dimensions convert experiential value into a price premium, and which do not. The third is methodological, concerning the operationalization of willingness to pay a price premium and the comparison between its attitudinal and monetary measures.

6.1 Contribution to Brand Experience and Event Marketing Literature

The first contribution concerns the brand experience and event marketing literature, which has largely treated experiential intensity as a de facto guarantee of brand value. On one side, the brand experience and experiential marketing literature documents that physical events elicit sensory, affective, intellectual, and behavioural responses, and treats this elicitation as sufficient evidence of strategic effectiveness, without specifying

whether these responses translate into actual economic outcomes (Schmitt, 1999; Brakus et al., 2009; Zarantonello & Schmitt, 2013). On the other, event marketing research has long acknowledged that engagement and immersion do not automatically generate favourable brand outcomes, and that physical events are organisationally demanding and notoriously difficult to evaluate in terms of effectiveness and return on investment, yet it has rarely offered a theoretical criterion capable of distinguishing economically consequential events from merely engaging ones (Hoch, 2002; Wood, 2009; Pine & Gilmore, 1999).

The present study addresses this gap by testing whether the brand experience elicited by a physical brand event translates into willingness to pay a price premium directly, or only indirectly, through customer-based brand equity mechanisms. The empirical results support the second possibility: the direct effect of brand experience on willingness to pay a price premium is non-significant, while the total indirect effect – transmitted through perceived uniqueness and brand loyalty – is significant. This indirect-only mediation pattern – based on brand-meaning and brand-relationship layers of Keller's (2001) CBBE pyramid – recasts physical brand events as mechanisms of customer-based brand value formation rather than as direct economic levers. This finding refines the brand experience and event-marketing literature by shifting the explanatory burden away from the intensity of the encounter and onto the customer-based mechanisms it is able to activate.

This result directly extends Dwivedi et al. (2018), who identified partial mediation between brand experience and willingness to pay a price premium: the present study finds full mediation instead. The shift from partial to full mediation is theoretically meaningful, since it suggests that, for a physical event involving a mature brand in a low-involvement category, the experiential stimulus retains no independent economic influence once the relevant CBBE mediators are introduced. It is also consistent with Chang and Chieng's (2006) view that brand experience shapes downstream outcomes through intermediate brand meanings and relational mechanisms rather than through immediate reactions. It also qualifies Zarantonello and Schmitt's (2013) characterisation of physical events as prime experiential touchpoints by showing that this privilege concerns their capacity to elicit brand experience, and in turn CBBE mechanisms, not their capacity to generate pricing power directly.

The finding also speaks to the risks long associated with event marketing. Prior research had warned that immersive events do not automatically secure positive brand outcomes, since participants may interpret the same stimulus differently or fail to connect it to the brand's value proposition, and that the resulting effects are correspondingly hard to evaluate (Hoch, 2002; Pine & Gilmore, 1999; Wood, 2009). The present results give that warning a precise theoretical shape: physical events are not unreliable because their effects are unobservable and subjective, but because their economic relevance is conditional on mechanisms – perceived uniqueness and brand loyalty – that mediate customers' responses of the experience itself.

The study thus refines the event marketing literature by replacing an engagement-based criterion of effectiveness with a mechanism-based one. Perceived uniqueness, the more statistically robust mediator, indicates that physical events, eliciting brand experience, are theoretically valuable to the extent that they sharpen brand differentiation and less substitutability, in line with Brakus et al.'s (2009) findings accounting of brand experience as a source of distinctive associations. Brand loyalty, the second and strongest mediator, indicates that physical events are valuable to the extent that they deepen relational attachment, consistent with Ramaseshan and Stein's (2014) finding that brand experience strengthens consumers' predisposition toward loyalty.

This shifts the evaluative criterion for experiential initiatives from engagement to mechanism-based economic relevance, with particular force for premium brands in mature, low-involvement markets, where functional differentiation is weak and physical events represent one of the few levers through which a brand can still alter how it is perceived, interpreted and evaluated as well as command price premiums (Nagle & Holden, 2002; Zarantonello & Schmitt, 2013).

6.2 Contribution to Customer-Based Brand Equity and Willingness To Pay a Price Premium Literature

The second theoretical contribution concerns customer-based brand equity and willingness to pay price premium research, which existing literature has largely examined in isolation. On one side, CBBE research has documented how brand experience activates different equity dimensions but has rarely specified which levels of the CBBE pyramid act as transmission mechanisms toward economic outcomes in experiential contexts (Brakus

et al., 2009; Zarantonello & Schmitt, 2013). On the other, willingness to pay a price premium research has conceptualized price premium acceptance as an attitudinal outcome of customer-based brand equity and has shown that brand experience can influence it through mediating mechanisms (Netemeyer et al., 2004; Dwivedi et al., 2018), yet has not fully specified which CBBE dimensions carry this effect, nor whether their relative importance varies in mature markets (Aaker, 1996b; Zha et al., 2020).

The present study addresses both gaps simultaneously in the context of a hypothesized physical brand event for a brand operating in a low-involvement product category within a mature market. The empirical results show that brand experience significantly activates all three CBBE dimensions tested – perceived uniqueness, brand trust, and brand loyalty corresponding respectively to the brand meaning, brand judgments, and brand relationships/resonance layers of Keller's (2001) pyramid. However, only perceived uniqueness and brand loyalty mediate the relationship between brand experience and willingness to pay a price premium in the present model.

This result extends Dwivedi et al. (2018) by widening the set of transmission mechanisms: because brand experience is conceptualised here as a multidimensional construct, the model identifies brand loyalty – which their study did not examine – as a further mediator alongside perceived uniqueness.

The findings of the present study also extend Netemeyer et al. (2004) – who conceptualized willingness to pay a price premium as an attitudinal outcome of brand equity without distinguishing between the economic proximity of different equity dimensions – by showing that price premiums acceptance depends on which specific CBBE mechanisms are activated by the experiential context; specifically perceived uniqueness and brand loyalty.

It further qualifies Aaker's (1996b) treatment of the willingness to pay a price premium as the best single summary measure of brand equity – one he grounds in brand loyalty. The present results suggest that, in a low-involvement product category within a mature market, willingness to pay a price premium is driven at least as robustly by perceived uniqueness as by brand loyalty, indicating that the price premium reflects brand differentiation and relationships, while brand trust does not influence it at all.

The study therefore contributes to both streams, demonstrating that different CBBE dimensions play different roles and that their activation by a physical event, eliciting brand experience, is not sufficient for that dimension to become economically relevant. Perceived uniqueness, a key component of brand meaning in Keller's (2001) framework, operates as a differentiation mechanism helping consumers perceive the brand as less substitutable and thus better able to justify a price premium – in line with the perspectives of Keller (1993), Aaker (1996b), and Netemeyer et al. (2004). Brand loyalty, a key component of brand resonance, operates as a relational mechanism, capturing the attachment and preference that can support price premium acceptance – in line with the perspectives of Oliver (1999), Yoo et al. (2000) and Chaudhuri and Holbrook (2001). Brand trust, corresponding to consumer judgments of credibility and reliability, appears to operate as a baseline – necessary but not sufficient for generating pricing power in mature markets where trust is already expected (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Aleman, 2001).

A final, exploratory theoretical implication concerns brand familiarity and price sensitivity, which were specified as moderators but did not moderate any of the focal relationships; instead, both emerged as direct antecedents within the model.

The brand familiarity result contributes primarily to customer-based brand equity research: rather than conditioning the effect of the brand experience, elicited by the physical event, on perceived uniqueness and brand trust, as a moderator would, brand familiarity acts as a direct antecedent of these two equity dimensions. This result suggests that brand familiarity feeds the formation of perceived uniqueness – as a mechanism of brand meaning - and brand loyalty – as a mechanism of brand judgments - independently of the brand experience elicited by the physical event itself.

The price sensitivity result, by contrast, contributes mainly to willingness to pay a price premium research: rather than moderating the path from brand loyalty to willingness to pay a price premium, price sensitivity bears directly on price premium acceptance, indicating that consumers' price orientation operates as a direct antecedent of willingness to pay a price premium rather than as a condition that strengthens or weakens the loyalty mechanism.

6.3 Contribution to the Measurement of Willingness To Pay a Price Premium

The third theoretical contribution concerns the operationalisation of willingness to pay a price premium, an issue that existing measurement traditions have addressed from opposite directions without reconciling them. On one side, the customer-based brand-equity tradition operationalises willingness to pay a price premium through a multi-item, closed-ended scale, treating it as an attitudinal disposition (Aaker, 1996b; Netemeyer et al., 2004). On the other, the willingness-to-pay measurement tradition favours a single-item, open-ended monetary elicitation, valued for its directness but documented to be exposed to hypothetical bias (Wertenbroch & Skiera, 2002; Miller et al., 2011).

Whether these two operationalisations converge has rarely been tested empirically, and even less so in brand experience and experiential marketing contexts, where the absence of real monetary consequences and the presence of strong affective states may affect each measure differently. The present study addresses this gap by directly comparing the two operationalisations – a 3-Items WTP Model and an Open-Ended WTP Model – within the same empirical model, following a physical brand event simulation to elicit the four brand experience dimensions of Brakus et al. (2009).

The two measures prove positively related but not interchangeable: their correlation is positive and statistically significant, yet modest in magnitude, indicating that they share only a limited portion of variance and capture partially different facets of willingness to pay a price premium. The closed-ended scale reflects a relative, comparative disposition toward paying a premium over alternatives, whereas the open-ended item records an absolute monetary valuation - its distribution was strongly right-skewed, with a mean substantially exceeding the market benchmark while the closed-ended model remained centred below the scale midpoint. This asymmetry is consistent with two distinct response processes: the closed-ended format anchors responses to a bounded, comparative frame, which limits the influence of momentary affect, whereas the open-ended format invites an unanchored monetary judgement that is more permeable to the positive affective state induced by the experiential stimulus (Wertenbroch & Skiera, 2002; Zarantonello & Schmitt, 2013). The formal model comparison reinforced this divergence: the multi-item, closed-ended scale provided substantially higher explanatory power and

measurement robustness, and was therefore retained as the preferred operationalisation – a measurement choice that prior experiential willingness-to-pay a price premium studies have rarely made explicit by directly using one measure over the other.

This finding qualifies Bergkvist and Rossiter's (2007) argument that single-item and multi-item measures perform equivalently for constructs with a concrete, singular object and attribute. A monetary willingness to pay a price premium meets this criterion in the abstract, yet the present results show that the equivalence does not hold once the construct is elicited under an experiential - affectively, emotionally, intellectually and behaviourally charged - stimulus. The finding thereby extends Diamantopoulos et al.'s (2012) qualification that single-item equivalence holds only under restrictive circumstances, by identifying the affective intensity of a brand experience as a further boundary condition under which closed- and open-ended measures diverge.

These findings extend the measurement concerns acknowledged but not resolved in Netemeyer et al.'s (2004) scale-development work: the relative, scale-based measure and the absolute, monetary one diverge specifically when consumers are exposed to an event stimulus eliciting brand experience, a condition their original validation did not test.

The study therefore contributes to price premium research by demonstrating that willingness to pay a price premium is not a single, self-evident construct independent of measurement design, and that treating its closed- and open-ended operationalisations as equivalent risks overstating the economic effectiveness of experiential strategies in eliciting brand experience– a risk that grows, rather than shrinks, in precisely the affect-rich settings, such as physical brand events, in which brand experience and customer-based brand equity researchers most want to measure it.

7. Managerial Implications

The study's findings carry several implications for managers of premium-positioned brands competing in low-involvement product categories within mature markets – such as coffee –, where functional differentiation is hard to sustain and consumers compare brands largely on price. In this context, physical brand events have become a favoured marketing instrument, a way to recapture attention and forge direct, immersive contact to elicit brand experience. The present findings caution against treating the event as an end in itself – a source of entertainment, communication, or visibility – and recast it as a means to an economic end that materialises only indirectly: a physical brand event raises willingness to pay a price premium not by eliciting brand experiences around being enjoyment or memorability, but by eliciting a consumer response that, in turn, reshapes how they perceive, interpret, evaluate, and relate to the brand - strengthening perceived uniqueness and brand loyalty.

Because physical brand events require substantial investment and their economic value is mediated rather than immediate, they cannot rely on the metrics traditionally used to evaluate event success – such as attendance, satisfaction, immediate engagement, aesthetic appeal, or visibility. These metrics can show that an event drew a crowd or was enjoyed, but not that it elicited a brand experience strong enough to make consumers perceive the brand as more distinctive or feel more loyal to it – the outcomes on which a price premium ultimately rests. Where the objective is premium-price acceptance, evaluation should instead focus on these customer-based outcomes – perceived uniqueness and brand loyalty – for which willingness to pay a price premium serves as a useful downstream indicator, provided it is measured with care. Brand trust can also be monitored as a result of brand experiences elicited by physical events, although in the present study it did not translate into premium acceptance.

7.1 Design Events around Perceived Uniqueness and Brand Loyalty

Among the customer-based mechanisms examined, two carry the effect of brand experience on willingness to pay a price premium: perceived uniqueness and brand loyalty. Both emerged as significant routes within the same model, transmitting the experiential stimulus toward premium acceptance rather than acting in isolation.

A first managerial implication concerns the role of perceived uniqueness, one of the two mechanisms through which brand experience converts into willingness to pay a price premium. In this sense, a physical brand event becomes economically meaningful when it helps consumers perceive the brand as distinctive, valuable, and less substitutable than competing alternatives. The managerial question should therefore shift from whether the event is engaging or enjoyable to whether it makes the brand appear more unique in consumers' minds. An event can be enjoyable, memorable, and widely shared, generating positive customer responses, yet it confers no pricing power if it does nothing to reinforce perception, interpretation and evaluation of a brand as unique.

This reframes physical event design for brands operating in mature markets. Where consumers are already aware of the brand and its category, the event must signal something competitors cannot easily replicate, and the focus should not be the activity itself but the meaning it carries. For an established brand operating in low-involvement product category – such as Nespresso –, the activities should be specific using for example: coffee tasting, aroma exploration, origin storytelling, sustainability demonstrations, and product interaction. These activities should convey a clear uniqueness message built on, for example, brand heritage, product expertise, sensory distinctiveness, craftsmanship, or other exclusive brand meanings. The benchmark of success is what consumers take away, not the enjoyment of the event but a sense of the brand's uniqueness and loyalty.

Because brand familiarity did not moderate the effect, a well-crafted and uniqueness-focused event works much the same for consumers who know the brand well and for those who do not. Managers, therefore, gain little from tailoring distinctiveness- and loyalty-building events to familiarity segments, and the design effort is better spent on the uniqueness message itself.

Brand loyalty offers a second route to a price premium acceptance. Brand experience, elicited by physical brand events, can also raise willingness to pay by strengthening the attitudinal, behavioural, and advocacy dimensions of brand loyalty – that is, consumers' preference for the brand, their propensity to repurchase, and their inclination to recommend it. The managerial task here is relational rather than semiotic: the event should deepen the bond between consumer and brand, not only sharpen perceptions of it. As in the hypothesized Nespresso example, managers can pursue this through personal contact with brand representatives who accompany participants throughout the experience (fostering attitudinal loyalty), through guidance that helps consumers reproduce the experience at home with the brand's products and thereby ties it to future purchase (fostering behavioural loyalty), and through a tangible memento of the event that keeps the brand present afterwards and gives participants a positive experience to recount and recommend to others (fostering advocacy).

The design implication is a shift in emphasis and success judgment: a physical event aimed at loyalty building should work as a relational occasion, not merely an informative one, so that the encounter between consumer and brand becomes the outcome rather than the information delivered. The decisive question is not whether participants leave better informed, but whether they leave more attached to the brand, more inclined to repurchase, and more willing to recommend it to others – the very dimensions through which loyalty, generated by brand experience, converts into a price premium.

The non-significant moderation by price sensitivity suggests that loyalty-building physical events are relevant across consumers with different price orientations, not only those who focus strongly on the value and benefits associated with a product or brand. Managers should not assume that relational initiatives work solely for the least price-sensitive segments, as events designed to strengthen loyalty are likely to support premium-price acceptance across a broad range of consumer profiles.

Because perceived uniqueness and brand loyalty are not isolated effects but two components of the same customer-based brand equity built around brand experience, they are best pursued together rather than as alternatives. The brand experience, elicited by the physical event, does not raise willingness to pay a price premium directly; it does so by strengthening the brand equity that these two mechanisms jointly form, and each adds to that equity in its own right. A single event can therefore be designed so that the

same touchpoints reinforce perceived uniqueness while deepening brand loyalty. As in the hypothesized Nespresso event, an expert-guided activity, for example, can convey what makes the brand distinctive while creating a memorable moment that strengthens customer-brand relationship. Since the two mechanisms are complementary and additive, an event that builds both captures more of the effect than one that builds either alone. Neither route depends on the other, but their combination offers the firmest basis for converting the brand experience into customers' willingness to pay a price premium.

7.2 The Limited Role of Brand Trust

A further managerial implication calls for more sober expectations around brand trust. Although brand experience, elicited by physical brand events, creates and strengthens brand trust – consumers come to see the brand as more reliable and credible – that gain does not translate into a higher willingness to pay a price premium. Managers should therefore not assume that credibility, reliability, or reassurance alone will justify a price premium.

The reason is structural since, for premium brands in mature markets, customers already expect brands to be reliable, credible, and competent. In this context, trust functions more as a baseline requirement than as a direct source of pricing power, as reflected in the present Nespresso case. If consumers already believe the brand is reliable and competent, a physical event – and the brand experience it elicits – merely reaffirms a belief they already hold, telling them nothing new and not increasing brand trust. Brand trust perceived thanks to a brand experience remains important for maintaining legitimacy, reducing perceived risk, and sustaining confidence in the brand, but – where the objective is to command a price premium – it should be complemented by perceived uniqueness and brand loyalty, carrying the real pricing power.

The non-significant moderation by brand familiarity on the brand experience–brand trust relationship indicates that the event reinforced trust similarly regardless of prior familiarity. Designing trust-building experiences specifically for less familiar consumers is therefore unlikely to yield meaningfully different results. And since trust does not translate into willingness to pay a price premium in any case, investing in credibility-focused event elements is unlikely to support premium-price acceptance, whatever the audience's familiarity, while it may still be a helpful brand experience outcome.

8. Limitations and Future Research

The present study is subject to some limitations that should be acknowledged. Rather than undermining the validity of the findings, these limitations define the boundaries within which the results should be interpreted and point to productive directions for future research.

The first and most consequential limitation concerns the research design. The study relies on a hypothetical scenario, in which respondents read a textual description and viewed an AI-generated visual stimulus, rather than on participation in a real physical brand event. While this design ensures experimental control and comparability across respondents, it limits the extent to which the findings generalize to real event settings. Willingness to pay a price premium statements obtained after imagined scenarios, therefore, may not reflect the valuations that would emerge from real participation, where sensory, affective, cognitive and behavioral stimulation as well as social co-presence actually constrain consumers' responses. A related limit is that neither the closed-ended nor the open-ended measure records an actual purchase both measuring intentions rather than behaviours. The hypothetical format also tends to inflate estimates, a pattern visible in the present data where the mean open-ended valuation is approximately twice the retail benchmark. A final element concerns the open-ended item, which was restricted to a range between €0 and €5 through the survey platform settings. This limitation, while reducing the risk of unrealistic extreme responses it imposed an artificial ceiling that may have compressed the upper tail of the distribution.

Future research should replicate the model with real physical event and, where feasible, incentive-compatible elicitation methods – such as auction-based procedures or experimental choice tasks – that introduce real monetary consequences as well as remove the artificial range restriction, reducing the documented hypothetical bias.

A second limitation follows from the cross-sectional design, which does not allow causal inference or examination of how experiential effects evolve over time. Physical events are time-bound encounters, and their effects on perceived uniqueness and brand loyalty may strengthen, weaken, or shift in relative importance following repeated exposures or as the initial affective state fades. This concern is heightened by the context

sensitive nature of the willingness to pay a price premium measures documented in the present study. As Wood (2009) argues, measuring the effects of customers' brand experience through physical events requires accurate and consistent data collection over an extended period, so as to capture before-and-after changes in consumers' behaviours and attitudes.

Longitudinal and repeated-measures designs involving actual event participants would therefore be a particularly valuable direction for future research. Such designs would allow researchers to examine the durability of experiential value creation by tracking changes in brand experience, perceived uniqueness, brand trust, brand loyalty, and willingness to pay a price premium at multiple points in time and to determine whether the identified mechanisms reflect stable shifts in brand's perception, interpretation, and evaluation or in-the-moment affective states that fade once the experiential context dissolves.

A third limitation concerns the sample and its composition. The study was conducted with a convenience sample of 100 respondents collected through snowball sampling which shows a relatively heterogeneous distribution across age groups, education levels, and employment categories – partially mitigating the typical limitations of this sampling technique – while, on the other side, it remains predominantly composed of Italian and young respondents. This distribution restricts generalizability across cultural contexts and age groups with potentially different brand experience and price premium profiles. A further limit of the data collection is linked to representativeness, due to a drop-out of 28% concentrated at the scenario stage. While this sample reduction improved data quality by retaining respondents willing to engage with the event description, it also introduces a degree of self-selection toward more involved consumers which may have shifted the observed responses and limits transferability to less engaged segments. The sample size also constrained statistical power for detecting moderation effects, which typically require larger samples than main or indirect effects. The study context adds a further boundary, the model was tested on a single premium brand operating in a mature market in a single low-involvement product category. This choice limits the transferability of results to luxury brands, high-involvement categories, service contexts, and brands at earlier stages of market maturity.

Future research should address these limitations on several fronts. First, larger samples would restore the statistical power needed to test moderation effects properly, allowing the boundary conditions left unresolved here to be re-examined rather than dismissed as non-significant. Second, moving beyond convenience and snowball sampling toward probability-based or quota-based recruitment would improve representativeness and reduce the self-selection introduced by attrition at the stimulus stage. Third, extending the design across age cohorts, national and cultural contexts, brands with lower recognition levels, higher-involvement categories, and service contexts would establish whether the same full-mediation pattern holds beyond the present setting.

A fourth limitation concerns the specification of the model. Brand familiarity and price sensitivity did not moderate any focal relationship and instead emerged as direct antecedents – brand familiarity of perceived uniqueness and brand trust, and price sensitivity of willingness to pay a price premium – representing an exploratory and unexpected result. A measurement limit applies to brand familiarity in particular – captured by a single indicator with the loading fixed at 1.000 – due to the inability to assess reliability, a recognised weakness of single-item measures for constructs that are not directly observable. The model also left one collected variable unmodeled: prior attendance at a physical brand event. Had the two groups responded differently to the scenario, this unstudied heterogeneity could have added unexplained variance and reduced the precision of some estimates.

Future research should reposition brand familiarity and price sensitivity as candidate direct antecedents and test them through dedicated hypotheses, in order to confirm whether the associations observed here replicate beyond the present exploratory setting. Additionally, future research should model attendance at a physical brand event directly or compare the two groups through multigroup analysis, in prior attendance at a physical brand event, to establish whether prior experience conditions the relationships examined in this study.

A final limitation concerns the explanatory power and scope of the model. The model included three customer-based brand equity mediators – perceived uniqueness, brand trust, and brand loyalty – while other potentially relevant mechanisms, such as brand identification, perceived authenticity, consumer self-brand congruence, and emotional

attachment, were not tested. The small-to-moderate R^2 and effect-size values supports the hypothesis that additional constructs may contribute to a fuller explanation of the model, which was not reached using the present three mediators. Other boundary conditions, such as event attendance frequency, hedonic versus utilitarian consumption orientation, and category involvement, may also prove more effective than the moderators examined here. A further element concerns measurement: the comparison between the closed-ended attitudinal scale and the open-ended monetary measure of willingness to pay a price premium, although it showed the two to be positively related but not interchangeable, was conducted within a single study context and cannot be considered exhaustive; the two measures should not be treated as equivalent in subsequent work.

Future research could therefore extend the model with additional constructs and replicate the comparison between closed-ended and open-ended willingness to pay a price premium across different experiential contexts and brands.

Conclusions

The present study has explored whether brand experience, elicited by physical brand events, can influence consumers' willingness to pay a price premium for a brand operating in a low-involvement product category within a mature market, and through which customer-based brand equity mechanisms this relationship operates – specifically perceived uniqueness, brand trust, and brand loyalty. For this purpose, a multiple parallel mediation model was developed and empirically tested using Partial Least Squares Structural Equation Modelling (PLS-SEM) on a final sample of 100 questionnaire respondents exposed to a Nespresso physical event simulation.

The empirical results show that brand experience, delivered through physical brand events, influences customers' willingness to pay a price premium exclusively through indirect mechanisms, establishing a pattern of indirect-only mediation - also labelled full mediation. Specifically, perceived uniqueness – the most robust mechanism – and brand loyalty emerge as the two significant mediating pathways, while brand trust – although significantly activated by brand experience – does not operate as a mediating pathway. Furthermore, the two hypothesized moderators, brand familiarity and price sensitivity, did not condition these effects but instead acted as direct antecedents within the model - an exploratory result that remains to be confirmed.

The study's contribution is, first, integrative: it connects four research streams that had developed largely in isolation – brand experience, physical event marketing, customer-based brand equity (CBBE), and willingness to pay a price premium – and traces the full chain through which the brand experience, elicited by physical brand events, is converted into willingness to pay a price premium mediated by CBBE mechanisms. In doing so it recasts physical brand events as mechanisms of customer-based brand value formation rather than as direct economic levers, it extends prior findings of partial mediation to a pattern of full, indirect-only mediation, and it shows that activating a customer-based equity dimension is necessary but not sufficient for pricing power, since only perceived uniqueness and brand loyalty mechanisms carry the mediation effect while brand trust does not.

A methodological contribution, reaching beyond brand experience research, accompanies this finding thanks to the comparison a closed-ended scale and an open-

ended monetary measure of willingness to pay a price premium. The study shows that the two are related but not interchangeable – the multi-item scale proving the more robust for the present analysis – so that the choice of operationalization is not neutral.

For managers, the main implication is that physical brand events, and the brand experience they elicit, should be designed and evaluated not by the metrics that conventionally signal event success such as attendance, satisfaction, engagement, or visibility. Design and assessment should instead centre on perceived uniqueness and brand loyalty which carry the pricing power, serving as the outcomes against which success is measured. A physical event should therefore signal a distinctiveness that competitors cannot easily replicate and should work as a relational occasion. Brand trust, by contrast, should be treated as a credibility baseline to be achieved thanks to brand experience rather than a lever for price premium acceptance. Read this way, investing in physical events that elicit brand experiences able to communicate a clear uniqueness proposition and cultivate loyalty is more likely to support premium price acceptance and provides a more defensible basis for evaluating the return on investment compared to physical events that merely generate emotional excitement or visibility.

These conclusions hold within the study's boundaries – a scenario-based design, a single premium brand in one low-involvement category, a convenience sample, and a cross-sectional structure – which, together with the model's modest explanatory power, call for replication with real event participants, longitudinal designs, and more heterogeneous samples.

In essence, a physical brand event does not, in itself, justify a price premium – the brand experience and the customer-based value it creates does. Such events are not direct economic levers but firm-controlled stimuli, and their economic power is realised on the consumer side: an event earns a price premium not by being engaging or immersive, but when the brand experience it elicits – sensory, affective, intellectual, and behavioural – reshapes how consumers perceive, interpret, and evaluate the brand. For a premium brand in a mature, low-involvement market, such as Nespresso, this means that events acquire economic relevance only insofar as they make the brand more distinctive and more strongly preferred - strengthening perceived uniqueness and brand loyalty - while the trust they also build, though important, does not convert into a premium acceptance.

Appendix

Appendix 1. Hypothesis summary

Hypothesis	Statement
H1	Perceived uniqueness mediates the positive effects of brand experience, elicited by physical brand events, on consumers' willingness to pay a price premium.
H1a	Brand experience, elicited by physical brand events, positively influences perceived uniqueness.
H1b	Perceived uniqueness positively influences consumers' willingness to pay a price premium.
H2	Brand trust mediates the positive effects of brand experience, elicited by physical brand events, on consumers' willingness to pay a price premium.
H2a	Brand experience, elicited by physical brand events, positively influences consumers' brand trust.
H2b	Brand trust positively influences consumers' willingness to pay a price premium.
H3	Brand loyalty mediates the positive effects of brand experience, elicited by physical brand events, on consumers' willingness to pay a price premium.
H3a	Brand experience, elicited by physical brand events, positively influences brand loyalty.
H3b	Brand loyalty positively influences consumers' willingness to pay a price premium.
H4a	Brand familiarity moderates the relationship between brand experience, elicited by physical brand events, and perceived uniqueness, such that the effect is stronger when brand familiarity is low.
H4b	Brand familiarity moderates the relationship between brand experience, elicited by physical brand events, and brand trust, such that the effect is stronger when brand familiarity is low.
H5	Price sensitivity moderates the relationship between brand loyalty and willingness to pay a price premium, such that the effect is stronger when price sensitivity is low.

Appendix 2: Brand Experience Presentation in the Italian Questionnaire

Stage	Text
Introduction	Nespresso è un marchio affermato che opera nel mercato del caffè dal 1986. L'azienda organizza regolarmente eventi e masterclass dedicati al loro caffè pensate per coinvolgere i partecipanti attraverso degustazioni, momenti formativi e attività interattive. Ti invitiamo a immaginare di partecipare personalmente a un nuovo evento immersivo Nespresso in una location fisica. Durante l'evento, prenderai parte alle seguenti esperienze, presentate nel seguente ordine:
Stage 1: Origini e Aromi del Caffè	All'ingresso dello spazio evento, vieni accolto/a da un esperto Nespresso che ti guida in un percorso visivo e sensoriale attraverso le principali regioni di coltivazione del caffè nel mondo. Ti vengono presentate le origini geografiche del caffè Nespresso e i profili aromatici distintivi associati a ciascuna miscela. L'esperto spiega cosa rende ogni varietà unica in termini di provenienza, coltivazione e caratteristiche di gusto.
Stage 2: Odora, Tocca e Seleziona il tuo Caffè	Sei invitato/a ad esplorare attivamente diverse varietà di chicchi e miscele. Puoi osservare i chicchi, percepire differenti note aromatiche e interagire con le miscele disponibili per confrontarne le caratteristiche e selezionare quella più in linea con le tue preferenze personali.
Stage 3: Esperienza di Degustazione	Assaggia il caffè selezionato, guidato/a dagli esperti Nespresso che spiegano intensità, modalità di preparazione e note di degustazione. Riceverai inoltre suggerimenti pratici su come ricreare la stessa esperienza sensoriale a casa utilizzando i prodotti del brand.
Stage 4: Apprendimento sulla Sostenibilità	Al termine dell'evento, vieni informato/a sulle iniziative di sostenibilità di Nespresso, tra cui l'approvvigionamento responsabile, i programmi di riciclo delle capsule e gli impegni ambientali dell'azienda. Ti viene mostrato come le capsule usate vengano riciclate e trasformate in nuovi materiali. Come attività simbolica, vieni invitato a realizzare un piccolo portachiavi utilizzando la capsula riciclata impiegata durante l'evento, come ricordo tangibile dell'esperienza.

Appendix 3: Constructs, Items and Sources for testing variables in Italian

Construct		Item	Source
Esperienza con il marchio	Esperienza sensoriale del marchio	1. Questa esperienza creata da Nespresso interagisce con i miei sensi (vista, udito, olfatto, tatto, gusto)	Brakus et al. (2009) Seven-point Likert scale
		2. Trovo questa esperienza creata da Nespresso interessante dal punto di vista sensoriale	
	Esperienza affettiva del marchio	1. Questa esperienza creata da Nespresso crea in me sentimenti ed emozioni	
		2. Questa esperienza creata da Nespresso genera emozioni positive verso il marchio	
	Esperienza comportamentale del marchio	1. Nespresso genera esperienze fisiche tramite il suo marchio	
		2. Durante o dopo l'esperienza, mi sento motivato a fare delle azioni in relazione al marchio Nespresso (ad esempio acquistare, ricevere maggiori informazioni, ...)	
	Esperienza intellettuale del marchio	1. Questa esperienza creata da Nespresso stimola la mia curiosità e analisi critica	
		2. L'esperienza creata da Nespresso mi fa riflettere molto	
Unicità percepita del marchio		1. Penso che Nespresso sia "distinto" dalle altre marche di caffè	Netemeyer et al. (2004) Seven-point Likert scale
		2. Penso che Nespresso si "distingua in modo significativo" dalle altre marche di caffè	
		3. Penso che Nespresso sia molto "diverso" dalle altre marche di caffè	
		4. Penso che Nespresso sia "unico" rispetto alle altre marche di caffè	
Fiducia nel marchio		1. Mi fido di Nespresso	Chaudhuri & Holbrook (2001) Seven-point Likert scale
		2. Mi affido a Nespresso come marchio nel settore del caffè	
		3. Penso che Nespresso sia un marchio onesto	
		4. Percepisco Nespresso come un marchio sicuro	

Fedeltà al marchio	1. Sono fedele al marchio Nespresso	Chaudhuri & Holbrook (2001) Seven-point Likert scale
	2. Nespresso è la mia prima scelta	Yoo & Donthu (2001) Seven-point Likert scale
	3. Raccomanderei Nespresso ad altre persone	Aaker (1996b) Seven-point Likert scale
Disponibilità a pagare un prezzo maggiorato (Modello 1)	1. Il prezzo di Nespresso dovrebbe aumentare parecchio prima che io passi a un'altra marca di caffè	Netemeyer et al. (2004) Seven-point Likert scale
	2. Sono disposto a pagare un prezzo più alto per il caffè della marca Nespresso rispetto ad altre marche di caffè.	
	3. Sono disposto a pagare il ____% in più per questo marchio rispetto ad altri marchi della stessa categoria: 0% 5% 10% 15% 20% 25% 30%, o più.	
Disponibilità a pagare un prezzo maggiorato (Modello 2)	4. Si prega di indicare il prezzo massimo (in €) che si sarebbe disposti a pagare per una capsula di caffè Nespresso dopo l'esperienza	From the Author Open-ended
Familiarità con il marchio	1. Nespresso è una marca di caffè che conosco molto bene.	Netemeyer et al. (2004) Seven-point Likert scale
Sensibilità al prezzo	1. Sono meno disposto ad acquistare caffè Nespresso nel caso in cui percepisca il prezzo come troppo alto	Ramirez & Goldsmith (2009)
	2. Vale la pena spendere più soldi per un caffè di alta qualità	
	3. Non mi interessa se spendo tanto per acquistare del caffè	

Appendix 4. Link constructs and items with PLS-SEM labels

Construct	Construct Label		Item	Item Label
Brand Experience	BE	(Sensory Brand Experience) BE_SEN	1. This experience by Nespresso makes a strong impression on my senses (sight, sound, smell, touch, taste)	BE_SEN_1
			2. I find this experience by Nespresso interesting in a sensory way	BE_SEN_2
		(Affective Brand Experience) BE_AFF	1. This experience by Nespresso induces feelings and sentiments.	BE_AFF_1
			2. This experience by Nespresso generates positive emotions towards the brand	BE_AFF_2
		(Behavioral Brand Experience) BE_BEH	1. Nespresso results in bodily experiences.	BE_BEH_1
			2. I feel to be motivated to take action related to Nespresso during or after the experience.	BE_BEH_2
		(Sensory Brand Intellectual) BE_INT	1. This experience by Nespresso stimulates my curiosity and problem solving	BE_INT_1
			2. I engage in a lot of thinking during the experience by Nespresso	BE_INT_2
Perceived Uniqueness	P_UN		1. Nespresso is “distinct” from other brands of coffee	P_UN_1
			2. Nespresso really “stands out” from other brands of coffee	P_UN_2
			3. Nespresso is very “different” from other brands of coffee	P_UN_3
			4. Nespresso is “unique” from other brands of coffee	P_UN_4
Brand Trust	B_TR		1. I trust Nespresso	B_TR_1
			2. I rely on Nespresso	B_TR_2
			3. Nespresso is an honest brand	B_TR_3
			4. Nespresso is safe	B_TR_4
Brand Loyalty	B_LOY		1. I am committed to Nespresso	B_LOY_1
			2. Nespresso would be my first choice	B_LOY_2
			3. I would recommend Nespresso to others	B_LOY_3
Willingness To Pay a price premium	WTP_P_PR (3-Items WTP Model)		1. The price of Nespresso would have to go up quite a bit before I would switch to another brand of coffee	WTP_1

(3-Items WTP Model)		2. I am willing to pay a higher price for Nespresso brand of coffee than for other brands of coffee.	WTP_2
		3. I am willing to pay ___% more for this brand over other brands of the same category: 0% 5% 10% 15% 20% 25% 30%, or more.	WTP_3
Willingness To Pay a price premium (Open-Ended WTP Model)	WTP_P_PR (Open-Ended WTP Model)	1. Please indicate the maximum price (in €) you would be willing to pay for a Nespresso's coffee capsule after the experience	WTP_4
Brand Familiarity	B_F	1. Nespresso is a brand of coffee I am very familiar with.	B_F_1
Price Sensitivity	P_S	1. I am less willing to buy Nespresso coffee if I think it will be high in price	P_S_1
		2. Really good coffee is worth spending a lot of money for	P_S_2
		3. I don't mind spending a lot of money to buy coffee	P_S_3

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