SINCERE VS EXCITING BRANDS IN VR: THE ROLES OF EXPERIENTIAL INTERACTIONS AND AUTHENTICITY
(Work in Progress)

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Abstract: This paper explores the differential impact of virtual reality (VR) interactions on brand equity between brands perceived as either exciting or sincere. Utilizing a between-subjects design, participants viewed 360-VR brand experiences of automotive brands identified as either exciting (BMW) or sincere (Hyundai) based on pretest results. Brand equity was measured pre- and post-interaction, along with assessments of experiential dimensions and brand authenticity. We hypothesize that sincere brands will exhibit a greater increase in brand equity, mediated by the immersive and authentic experience provided by VR. Preliminary findings suggest that changes in brand equity can be significantly attributed to how brands are perceived in terms of personality, with sincere brands benefiting more from VR's ability to enhance perceived authenticity and experiential engagement.

Keywords: Virtual Reality, Brand Experience, Brand Interactions, Brand Equity, Brand Personality

Purpose

Brands today are increasingly interested in producing content for virtual reality (VR), an immersive computing technology that transports users to an entirely virtual environment (Guttentag, 2010). The growth of VR has fruitfully spread to marketing (including branding), where the sheer number of users as well as the unique opportunities for transactions and product placement have grown substantially in recent years (Jovanovic, 2022). VR, compared to other brand interactions, is especially impactful for increasing customer connections (Clark, 2017; Geer, 2017), purchase intentions, willingness to pay, loyalty (Berg & Vance, 2016; Dobrowolski et al., 2014; Grewal et al. 2017; Lau et al., 2008; Suh & Lee, 2005), and brand equity (Nah et al., 2011). Of all these consumer responses, brand equity is more complex (Christodoulides & de Chernatony, 2010) but investigated much less within the context of VR (Oh et al., 2020). The scant research on the topic mostly focuses on retail shopping environments (e.g., Yuan et al., 2022) or the hospitality industry (e.g., Bogicevic et al., 2021).

Despite consistently positive effects of VR deployment on brand equity, there are some challenges in interpreting extant research. First, the literature is somewhat fragmented in explaining these relationships, especially pertaining to why VR impacts brand equity. Different mechanisms are proposed: presence (e.g., the feeling of being physically in the virtual environment), enjoyment, flow (e.g., cognitive involvement in a task requiring challenge-skill balance), and/or parasocial relationships (Nah et al., 2011; Yuan et al., 2022). Second, the research tends to take a less rigorous approach to brand equity operationalization. Some studies developed brand equity scales (Yuan et al., 2022). Others use brand equity scales consisting of three to four items (Baek et al., 2020; Nah et al., 2011). This is problematic given that brand equity is a multi-dimensional construct (Parris & Guzmán, 2022; Yoo & Donthu, 2001). Third, existing research assumes that that VR content independently influences brand equity. However, to date, no research has empirically shown how VR content changes brand equity. Finally, prior research assumes that all brands could equally benefit from VR deployment, but brands have differing personalities, which impacts how brand interactions are perceived. For example, are brands that are already viewed as 'cool' benefit more from VR's 'coolness factor' (Bogicevic et al., 2021)? Past research on VR and brand personality (De Gauquier et al., 2019) would suggest differential effects. Thus, we expect certain brands to gain more from VR than others.

Given that VR interactions are more enjoyable (Nah et al., 2011), one might expect an exciting brand to benefit more from VR and consequently have a more profound change in brand equity. Brand excitement generally refers to traits such as daringness, spirit, imaginativeness, and modernity (Aaker, 1997). In the case of our study, exciting brands would be those that go beyond the typical offerings, an idea that clearly aligns with the use of VR as VR itself is daring, imaginative, and modern. As VR facilitates higher engagement, brands that are sincere might have even greater potential to create stronger connections through VR as the use of VR would align with relational dimensions of sincerity. These VR experiences would thus impact the overall impression of the brand.

Holistic brand experience captures all forms of brand interactions (Chevtchouk et al., 2021). Among these, VR interactions are highly experiential and can, therefore, be assessed through the prism of 'subjective, internal consumer responses (sensations, feelings and cognitions) as well as behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications and environments' (Brakus et al., 2009, p. 53). In fact, extant research shows that VR more strongly connects the emotional and cognitive experiential dimensions to enhance brand equity (Baek et al., 2020). Yet, once again, this is assumed to generalize to all brands, which we argue may not be the case.

One potential explanation as to why the VR interactions would increase brand equity for sincere brands is through authenticity. Brand authenticity has been defined as 'the extent to which consumers perceive a brand to be faithful and true toward itself and its consumers, and to support consumers being true to themselves' (Morhart et al. 2015, p. 202). Given the relationship between brand sincerity and authenticity and authenticity and brand equity, we propose that VR influences brand authenticity—those perceptions should, by association, be projected onto the brand itself.

H1: Following a VR interaction, the magnitude of change in brand equity will be higher (vs. lower) for a sincere vs. exciting brand.

H2: This relationship will be mediated by (1) experiential components of the VR brand interaction and (2) brand authenticity.

Methodology and Expected Findings

Prior to the main study, a pretest identified BMW as more exciting but less sincere than Hyundai, so we utilized these as our brand personalities (we chose two automotive brands to maintain general involvement levels and product types). The design is a 2-level between-subjects design in which participants from Prolific Academic have been selected based on their verified ownership of approved VR equipment (target N = 200). For each brand, we selected a publicly available 360-VR experience from YouTube (Hyundai: https://www.youtube.com/watch?v=Yae-fS1WCVc and BMW: https://www.youtube.com/watch?v=CqE-xy9x0Bg).

Participants will first be asked to consider their randomly assigned brand for a few moments before responding to a pre-measure (T1) of brand equity using the 18-item scale adapted from Baalbaki & Guzmán (2016). Next, participants will be given instructions to power on and set up their smartphones and VR headsets, ensuring that the volume is on and automated brightness adjustments are turned off, to prepare for viewing the video. Participants will then view the corresponding 360-video for the assigned brand. Once they finish, they will continue the procedure on the computer, first responding to the 10-item scale adapted from Brakus et al. (2009) to assess experiential dimensions of VR brand interaction and then once again responding to the same brand equity scale as a post-measure (T2). Participants will then respond to a 9-item scale for brand authenticity adapted from Mohart et al. (2015) We will also measure imagery, vividness, and proximity using prior scales (Ruzeviciute et al., 2020) to rule out alternative explanations before collecting demographics items and ending the procedure.

We expect that Hyundai will see a significantly larger difference in T2-T1 brand equity vs. BMW, serially mediated by VR interaction's experiential dimensions and brand authenticity. If these findings hold, then the hypotheses would be supported, illustrating that sincere (vs. exciting) brands can benefit to a greater extent from VR experiences and that this benefit results from a heightened cognitive, emotional, sensory and behavioral response to VR interaction and an increase in brand authenticity.

Theoretical Implications

This research offers several theoretical implications. First, as opposed to other research which claims that VR content is responsible for increasing brand equity, we will demonstrate this by measuring brand equity pre- and post- VR interaction. Second, we aim to provide evidence that this prior relationship between VR and brand equity is more nuanced, as we believe that certain brands can benefit more from VR than others. Finally, we seek to offer process evidence of this effect, explaining the change in brand equity through experiential dimensions and authenticity. While realism has been claimed as a benefit of VR, explaining why VR (vs. other media) leads to more favorable consumer responses through the lens of brand authenticity offers a novel contribution.

Practical Implications

This research will be useful for brand managers in that it shows the impact VR content can have on brand equity. Moreover, the research will speak to which brands should be able to take advantage of VR. Namely, because we expect that less exciting brands will see a greater benefit from VR interactions, brands that are seen as less exciting in the marketplace may see a higher degree of value to their strategies if they utilize VR. Further, we expect that these effects will occur due to an increase in perceived brand authenticity. That is not to say that higher-excitement brands should not use VR, though—rather, as VR becomes more common, consumers may expect more exciting brands to offer VR touchpoints as a matter of course. Thus, all brands can realize value from VR interactions.

Originality/Value

To date, much of the research within VR has shown that VR (vs. control) conditions influence downstream consumer responses, but little research considers various inputs prior to VR interaction (e.g., consumer mindsets or brand-related differences). Thus, this research is the first, to our knowledge, to investigate how prior brand characteristics influence the positive responses consumers have to VR brand interactions. In a similar vein, much research attributes the impact of VR to features of the environment: immersivity, realism of content, and so forth. While it is common for consumers to transfer features of an environment to an object or brand (e.g., when the room is warm, they perceive a brand as warmer), this has not yet been investigated within VR. In this case, VR can exhibit greater authenticity. As such, we are the first to test how this benefit of the environment transfers to a brand-related belief and thereby influences brand equity.

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