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Research Paper Management

Title of Paper: Brand Loyalty as A Core Dimension of Brand Equity is More to Develop then Measure

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ABSTRACT

The meaning imbued in brands can be quite profound, allowing us to think of the relationship between a brand and the consumer as a type of bond. A brand loyalty can only be achieved through a strong brand positioning which means creating a positive brand image. It can be achieved by creating and managing a brand's "unique, credible, sustainable and valued place in the customer's mind which in turn gives product or service a competitive advantage. Brand loyalty is both an input and output of brand equity and it is both influenced by and influences the other descriptive dimension of brand equity. The brand loyalty is repeat purchase with a reason to prefer that product. A brand loyalty is more to develop as from literature reviewed repeat purchase is not brand loyalty. In order to manage brand loyalty efficiently there is need of effective approaches to its measurement, as a practical tool to link it with profitability.

KEYWORDS : Brand Loyalty, Brand Equity, Measuring Brand Loyalty

Introduction

The meaning imbued in brands can be quite profound, allowing us to think of the relationship between a brand and the consumer as a type of bond. Consumers offer their loyalty with the inherent understanding that the brand will behave in certain ways and provide them utility through consistent product performance and value for the price, promotion, and distribution programs and actions.

By creating perceived differences among products through branding and by developing a loyal consumer base, marketers create value that leads them towards financial profits for the firm. Consumer can certainly handle perceived risks in a number of ways, but one way is obviously to buy well brands, especially those with which consumer have had favorable past experience.

Brand Loyalty

The concept of brand loyalty has been extensively discussed in traditional marketing literature with the main emphasis on two different dimensions of the concept: behavioral and attitudinal loyalty. Oliver (1997) has presented a conceptual framework of brand loyalty that includes the full spectrum of brand loyalty based on a hierarchy of effects model with cognitive, affective, conative (behavioral intent), and action (repeat purchase behavior) dimensions. A definition integrating this multidimensional construct has been given (Oliver, 1999) as: "a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior."

Brand loyalty emerged in the marketing literature as a consistent preference for a given brand. Yet, this basic definition did not satisfy Brown (1952), who included past purchase behavior as an important indicator of brand loyalty. Ten years later, stochastic modeling (largely based on purchase history) was used to determine brand loyalty (Feuhn 1962). Such stochastic model analyses (e.g., Jeuland 1980) often consider brand loyalty as a long-term choice probability within a product class. Since then, brand loyalty has been consistently recognized in the marketing literature as a function of conditional probability.

A psychological component was introduced to the definition of brand loyalty by Jacoby and Chestnut (1978). Jacoby and Chestnut defined brand loyalty as "the behavioral response expressed over time by some decision-making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological processes" (1978, p. 11).

One may question the difference between one who states loyalty or feels loyal to a given brand, versus one who purchases that brand. Extant literature on *behavioral* (as opposed to attitudinal) brand loyalty has generally considered loyalty as a notion of consumers being exclusively loyal to one single alternative in their purchase behavior. It is important for marketers to consider that a consumer who does purchase a given brand may also purchase a competing brand's products. Many consumers embrace more than one alternative--exhibiting divided loyalties among a handful of brands (Yim 1999). This divided loyalty may be a result of the increases in the number of product alternatives, including brand and line extensions.

Brand loyalty can be expressed via behavior (consistent purchase) (e.g., Andrews and Srinivasan 1995), responses to advertising (e.g., Deighton and Neslin 1994), and/or attitudes (preference). Brand loyalty can be determined and measured in terms of degree or intensity, or as a mere brand preference. The combination of psychological (e.g., this brand fits my image) with behavioral (e.g., I purchase this brand most) congruencies gives the most robust measure of brand loyalty.

Brand Loyalty Concept as core dimension of brand equity

Aaker considers that brand loyalty reflects "how likely a customer will be to switch another brand, especially when that brand makes a change in prices product features, communication or distribution programme.

Brand loyalty being the ultimate brand equity can't be analyzed without considering its relationship to other descriptive dimension of brand equity like awareness, perceived quality or associations.

The other descriptive dimensions of brand equity can enhance brand loyalty as less perceived risk (high perceived risk quality), associations and awareness provide reason to buy and affect satisfaction. Yet, the nature of relationship between perceived quality and brand loyalty is unclear as it varies with the customers under subjective situation.

On the other hand, loyalty can induce a higher perceived quality (for example, a potential customer has a better evaluation of a brand if that brand is perceived as having a loyal customer base), stronger associations (the brand is associated to elements characterizing its loyal customers), or increase awareness (loyal customers tend to provide brand exposure to new customers through "mouth to mouth" communication).Brand loyalty is both an input and output of brand equity and it is both influenced by and influences the other descriptive dimension of brand equity.

Nevertheless, brand loyalty is qualitatively different from other major dimensions of brand equity, being stronger related to the use experience. Brand loyalty is conditioned by prior purchase and use experience, while awareness, association or perceived quality may be present even in the case of a brand that hasn't been used yet.

Companies can successfully strategies marketing activities to develop brand loyalty by analyzing degrees of brand loyalty. Marketers usually envision four groups on brand loyalty status that is hard-core loyalty, Split loyalty, Shifting loyalty, Switchers.

Another approach given by David A. Aaker describes five levels of brand loyalty and groups customers accordingly into a loyalty programme.



Fig: Loyalty Pyramid given by David A. Aaker

Developing and Measuring Brand Loyalty

The customers generally resist to accept that they change particular brand or to decision by choosing particular brand. There are enormous factors to influence customer's choice of choosing particular brand and it is not possible to control all factors. On the other hand, without a systematic and visionary strategy for creating and maintaining loyalty, no firm can build a loyal customer.

Davis, M. Scotta (2002) asserted that a brand loyalty can only be achieved through a strong brand positioning which means creating a positive brand image. It can be achieved by creating and managing a brand's "unique, credible, sustainable and valued place in the customer's mind which in turn gives product or service a competitive advantage.

David Aaker (1991) suggests some basic rules for managing and enhancing brand loyalty like it follows:

- The customer must be treated with respect while interacting at the other hand customers should also be positive.
- The firm must stay close to the customer that means customer should be valued by showing concern for his problems and finding solution for benefiting him or his choice.
- Continuous improvement in product or services through regular, timely, sensitive, comprehensive and integrated into day to day management survey of customer satisfaction or dissatisfaction.
- Switching costs must be created by providing unique, valuable solutions for customer's problem or rewarding loyalty by incentive or bonus points.
- Customer should be enthuastic about unexpected service or benefits instead of just accept or tolerate brand.
- Customer's plea should be heard and solved valuably so that you regain him or avoid other customer to follow him.

Lindstorm, Martin, (2005) strongly suggested that the ultimate bond between the customer and the brand derives from our five human senses. The theory says that the sensory branding stimulates the relationship with brand and allows emotional attachment to dominate the rationale thinking. As a result consumer comes to brand repeatedly and he finds product as realty of his perception. The ambience, packaging, logo etc. in form of visual/ auditory/touch senses influence consumers.

Innis(1994) proved that marketing mix's distribution and especially customer service are essential element to influence brand loyalty.

In order to manage brand loyalty efficiently there is need of effective approaches to its measurement, as a practical tool to link it with profitability. The most of popularized methods for the assessment of brand loyalty are those structured by David Aaker in two major groups:

Behaviour based brand loyalty assessments which consider the actual purchase patterns of the customer base using measures like repurchase rates of the brand, percents of purchases which went to each brand purchased considering the last purchases or the number of brands purchased by a customer during a latest given period.

Loyalty Customer based assessments which consist of evaluating:

- Customer's brands switching costs and their subjective perceived risks involves by potential brand switch.
- Customers level of satisfaction and dissatisfaction.
- The liking degree customer has regarding the firm and the brand. The overall liking can be scaled in variety of way depending as per product or service.
- Customer's level of commitment to the brand.

CONCLUSION

A brand loyalty is more to develop as from literature reviewed repeat purchase is not brand loyalty. The brand loyalty is repeat purchase with a reason to prefer that product. A brand loyalty can only be achieved through a strong brand positioning which means creating a positive brand image. It can be achieved by creating and managing a brand's "unique, credible, sustainable and valued place in the customer's mind which in turn gives product or service a competitive advantage.

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