

Brand loyalty a two dimensional approach marketing essay



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The ultimate goal of the research is to understand if brand loyalty may arise from participating in online brand communities. This section more specifically intends to provide an answer to the following sub-question: “ Does commitment to online brand communities lead to members’ loyalty toward the brand?”

Brand Loyalty: a Two-Dimensional Approach

Nowadays, brand loyalty is considered as one of the most valuable asset of any company. Due to the higher cost of attracting new customers, companies have realized the interest of retaining existing ones by carefully developing and managing relationships with them. As explained Rosenberg and Czepiel (1983) (cited in Mellens, Dekimpe, & Steenkamp, 1996), it costs six times more to gain a new customer than to retain an existing one.

Moreover, in today’s marketplace characterized by high competition, it is crucial for companies to build and maintain brand loyalty; indeed, if properly managed brand loyalty has the ability to provide companies with a sustainable competitive advantage. Companies selling brands with strong customer loyalty can enjoy valuable benefits including: “ ability to maintain premium pricing, greater bargaining power with channels of distribution, reduced selling costs, a strong barrier to potential new entries into the product or service category, and synergistic advantages of brand extensions” (Reichheld, 1996; cited in Gommans, Krisman & Scheffold, 2001). Aaker (1991) adds firms can enjoy reduced marketing costs since it costs less to retain old customers that attract new ones. In concrete terms, Reichheld (1996) explained that a 3% increase in customer retention rate

would result in a 25% - 100% improvement in profits, depending on the industry sector.

Before understanding how commitment to an online brand community may generate loyalty to the brand supported by the community, it is important to provide theoretical explanations about the concept of brand loyalty. Given its importance, this concept has obviously been the subject of considerable research since its advent in marketing literature with Copeland's work in 1923 (Lichtlé & Plichon, 2008; Mellens et al., 1996). Two main approaches in explaining the concept of brand loyalty have emerged in the landscape of the marketing literature, namely: the behavioral and attitudinal approaches. The former defines brand loyalty in terms of repeat purchases of a specific brand over time (Keller et al., 2008; Lichtlé & Plichon, 2008; Sheth, 1968; Tuominen, 1999). The latter - often referred to brand commitment (Jacoby and Chestnut, 1978) - suggests brand loyalty is formed when customers demonstrate favorable attitudes, positive feelings toward a brand (Lichtlé & Plichon, 2008).

However, many authors in the literature state that brand loyalty should not be explained by one or the other approach, but rather should be viewed as a two-dimensional construct, this is generally referred to the mixed or composite approach (e. g. Day, 1969; Fullerton, 1993; Jacoby & Chestnut, 1978; Keller et al., 2008; Tuominen, 1999). Those partisans of the third approach argue that behavioral loyalty is a necessary condition but not sufficient to develop brand loyalty. Indeed, customer may repeatedly buy a branded product/service out of convenience, or because she/he cannot afford to purchase another with her/his budget, or due to other reasons such

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as stock limitations. Such behaviors are referred to as purchase inertia (Bloemer & Kasper, 1995) or spurious loyalty (Dick & Basu, 1994) (Cited in Lichtlé & Plichon, 2008). This implies that if, for example, the price increases or if an alternative product is available, the customer may turn to another brand. It is the reason why those authors speak of brand loyalty only when repeat purchase behavior over time is the result of positive feelings and attitudes to the brand (Lichtlé & Plichon, 2008). Aaker (1991) and Keller et al. (2008) go a step further by explaining customers should not simply have positive feelings about the brand but they should feel a deep attitudinal attachment to the brand, leading to repurchase behaviors in the future. By viewing brand loyalty as a two-dimensional construct, limitations faced by the behavioral approach in explaining customer's loyalty to a brand can be overcome.

On top of that, Keller et al. (2008) conceptualized customer-based brand equity[1](CBBE) and they state that behavioural loyalty and brand attachment (attitudinal loyalty) are two main sources in the creation of brand resonance. As shown in Appendix 3, brand resonance represents the top of the CBBE pyramid and refers to "the nature of the relationship and the extent to which customers feel they are in "in sync" with the brand" (Keller et al., 2008, p. 70). As shown in the model, two other sources allow building brand resonance: sense of community and active engagement. As stated previously, a sense of community refers to a social phenomenon whereby individuals identify to a brand community and feel a kinship with others members, leading to membership in the community. A strong sense of community can lead to positive feelings and attitudes to the brand

(Algesheimer et al., 2005; cited in Keller et al., 2008). Active engagement is according to Keller et al. (2008, p. 72), “ when customers are willing to invest time, energy, money or others resources in the brand” and represents certainly the strongest affirmation of brand loyalty. Examples of active engagement activities are participation in chat rooms or visiting brand-related websites. Therefore, through participation in an online brand community, members demonstrate their loyalty to the brand, what provides a first element of response for the next point of this section.

According to Muniz & O’Guinn (2001), brand communities directly influence the sources of brand equity such as: “ brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets” (Aaker, 1991). Therefore, a well-managed brand community – offline as well online – can positively influence brand loyalty but also indirectly enhance the value of the brand (Jang et al., 2008; Keller, 2003).

In the current research based on Jang et al. (2008), the concept of brand loyalty is determined by both aspects explained here above, namely: brand attachment (attitudinal loyalty) and intention to repurchase (behavioral loyalty). However, the attitudinal aspect of brand loyalty is included in the model through the variable community commitment. According to Muniz & O’Guinn, brand communities are full of what Gruen and Ferguson (1994, p. 3) called “ active loyalists” i. e. consumers who are “ committed, conscientious – almost passionate” about a brand. The behavioral aspect was measured by two measurement criteria, namely (1) intention to recommend the brand to others and (2) intention to repurchase the brand in the future. According to Lichtlé and Plichon (2008), repurchase intention is <https://assignbuster.com/brand-loyalty-a-two-dimensional-approach-marketing-essay/>

the most common criteria to measure behavioral loyalty due to its ease to use in consumer survey.

Impact of Community Commitment on Brand Loyalty

Now that brand loyalty as a two-dimensional construct has been explained and clearly defined in the context of the present research, the relationship between community commitment and brand loyalty can be discussed. In the literature, it has been shown that brand community commitment plays an important mediating role in the development of brand loyalty and its various behavioral outcomes (Algesheimer et al., 2005; Bettencourt, 1997; Hur, Ahn & Kim, 2011; Jang et al., 2008; Kim et al., 2008; McAlexander et al., 2002; Woisetschlager et al., 2010).

As highlighted previously in this chapter, through participation and interaction, members develop positive attitude and feeling to the community and thereby enhancing engagement to the community. By sharing experiences and information, members become embedded in the online community (Langerak et al., 2003). According to McAlexander (2002, p. 48), “the more the customer is integrated into the brand community and the more loyal the customer is in consuming the brand.” In addition, Thompson and Sinha (2008) founded that high levels of participation and long-term membership in a brand community increase the probability that members adopt new products of the brand around which the community is centered, but also decrease the probability that members buy those from rival brands.

Recommendation behavior is considered as one of the more common manifestation of loyalty (Fornell, 1992; Zeithaml et al., 1996; in

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Woisetschläger et al., 2010). The research of Algesheimer et al. (2005) found that a stronger community commitment leads to stronger membership continuance and community recommendation intentions. From this finding, the link between community commitment and recommendation to the brand is quite clearly deduced. As explained Solomon et al., 2006 (cited in Dessart, Brandt & Pahud de Mortanges, 2010): “ Once a person is highly involved with a type of product or activity, [...], he/she will get pleasure talking about it.” Therefore, one might state that if a individual is highly committed in a online brand community, he/she likes talking about it and in the same time about the brand associated with the community. As stated Langerak et al. (2003, p. 10), sustaining participation leads to long-term involvement, “ turning visitors into members, members into contributors and contributors into evangelists” of the brand.

In consumer-initiated online brand communities, due to the higher freedom of expression and their autonomous management, members are more likely to be stronger committed to the community and thereby building enduring brand loyalty (Jang et al., 2008).

In conclusion and as reported Muniz & O’Guinn (2001. p. 427), brand communities are full of “ active loyalists” (Gruen & Ferguson, 1994, p. 3), that is to say, consumers who are “ committed, conscientious - almost passionate” about a brand; and, “ a strong community can lead to socially embedded and entrenched loyalty, [...], even hyper loyalty.”

In this chapter, I have attempted to answer the three main sub-questions of the present research. The following section of this chapter presents a summary of the hypotheses as well as a structural model.

Structural Model and Hypothesis

As stated previously in the research question, the main objective of this paper is to investigate, on the one hand, the impact of online brand communities characteristics on community commitment and on the other hand, the influence of community commitment on brand loyalty in the context of Social Networking Sites. In addition, particular attention is given in this paper to how the hosting type of an online brand community may affect the relationships between community characteristics and community commitment. The model used in this research is the model developed by Jang et al. (2008) to which an additional independent variable has been added. The model can be found in Figure 1 hereunder. Therefore, there are now five independent variables for explaining community commitment. They are the following: information quality, system quality, rewards for participation, interaction and shared values. The hosting type of online brand community acts as a moderating variable. A moderating variable is defined as “ a qualitative (e. g., sex, race, social class) or quantitative (e. g., level of reward) variable that affects the direction and/or strength of the relation between a predictor or independent variable and a criterion or dependent variable” (Baron & Kenny, 1986, p. 1174). In this research, the type of community represents a qualitative variable that may affect the strength or the direction of the relationships between community characteristics and community commitment. Finally, the impact of online brand community

commitment on brand loyalty is highlighted. As stated previously, community commitment plays a key mediating role in the creation of brand loyalty. A mediating variable - also called intermediating variable - is a variable that provides a causal effect between one or several independent variable(s) and one or several outcome variable(s) (Baron & Kenny, 1986, Bennett, 2000) f Is it correct to state that community commitment acts as a mediating variable in this model?