

Chapter 16

The Concept of Brand Loyalty



Co-funded by the
Erasmus+ Programme
of the European Union



Learning Objectives

Brand Loyalty

Understanding the Idea, Definitions and Forms of Brand Loyalty

Determinants

Discussing the Determinants of Brand Loyalty

Challenges

Reflecting the Challenges of Brand Loyalty in the Digital Age

Brand Loyalty

Definition 1999

Brand Loyalty is a **deeply held commitment to rebuy** or re-patronize a preferred product or 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 (Oliver, 1999, p. 34)

Brand Loyalty

Definition 2021

Brand Loyalty is a situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category. It is the degree to which a consumer **consistently purchases the same brand** within a product class. (American Marketing Association, 2021)

Categories of Brand Loyalty



multi-domain
approach



behaviorist
approach



attitudinal
/ cognitive approach

The Three Forms of Brand Loyalty

Affective loyalty

consumers display significant **attachment** to “their” brand. The ties that bind consumers to “their” brand are **emotional** in nature. But they are also particularly resistant to opportunistic behaviour based on economic or social considerations

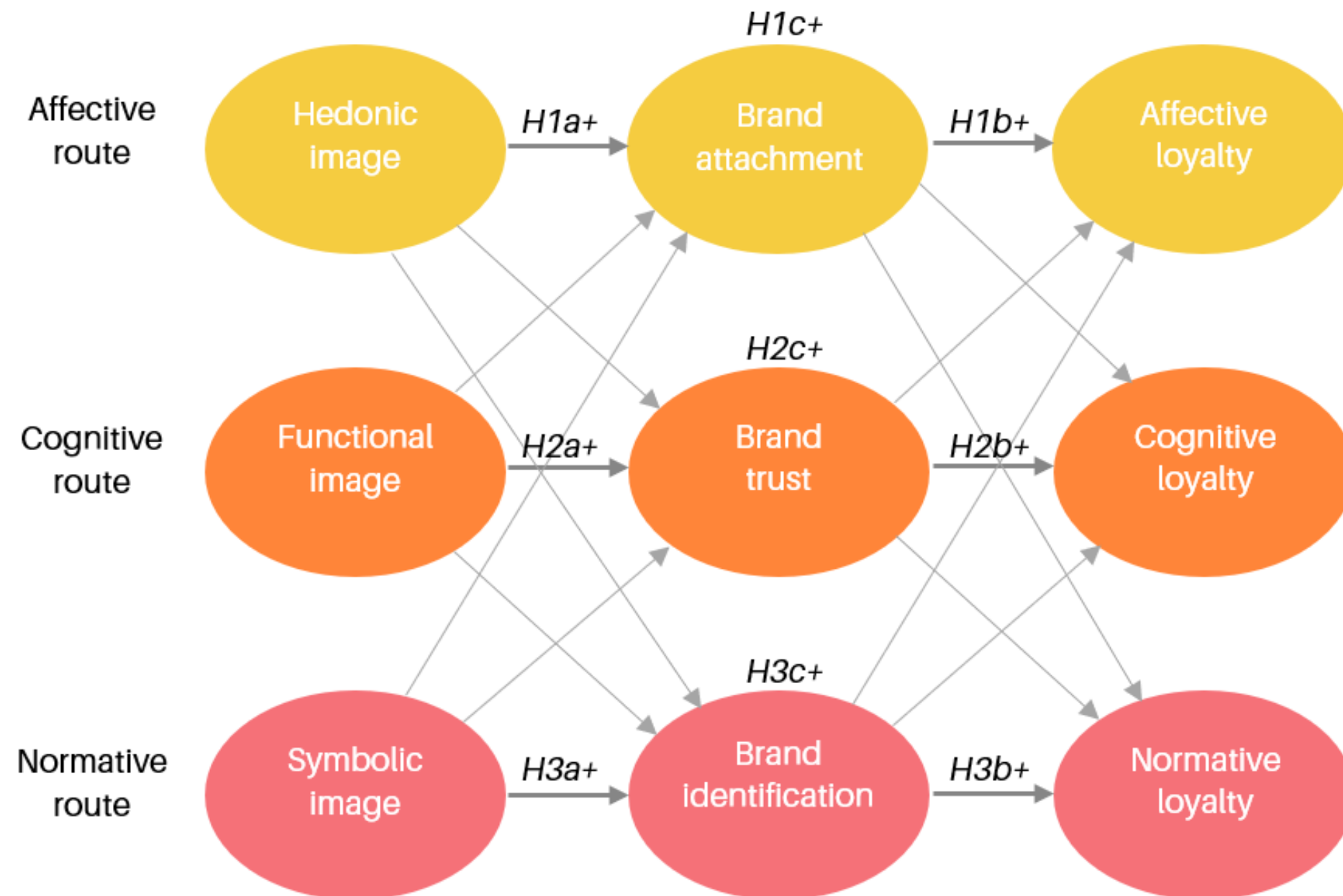
Cognitive loyalty

relates to **repeat purchases** of the same brand. This purely **cognitive process** stabilizes the purchasing behaviour without any deep affection towards the brand. The consumer has no reason to change brands, unless some intrinsic or

Normative loyalty

consumer product retention can be explained by the **omnipresence of advertising** and distributive power of the brand, but also by **social networks**. In fact, a specific form of continuity of choice may result from actual or perceived social pressure

The Three Forms of Brand Loyalty



Confirmation / Disconfirmation Paradigm

Confirmation

Confirmation is given if the actual performance of the brand meets the target performance expected by the customer

Disconfirmation

In case performance exceeds expectations, this is referred to as positive disconfirmation, while too little actual performance is called negative disconfirmation

Two Brand Loyalty Paradigms

brand-driven loyalty paradigm

Brand-driven brand loyalty is based within traditional economies. Brand relationships are **brand centric** with the brand at the center and brand managers attempting to attract more customers to the brand.

customer-driven loyalty paradigm

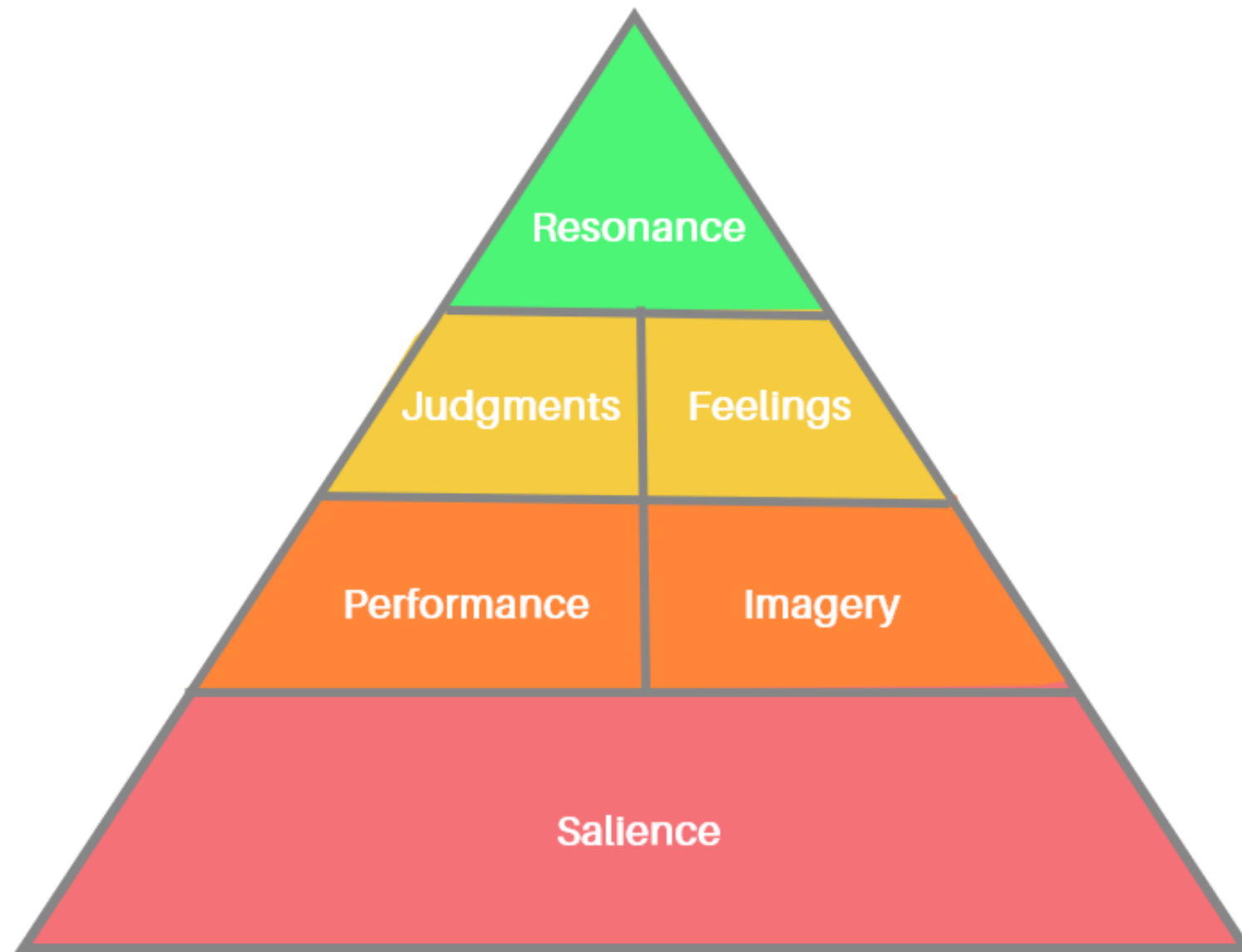
Customer-driven brand loyalty is based on **customer centric relationships** with customers at the center and brands seeking to establish or strengthen the relationship by digitally empowering customers, i.e. customers manage their brand experiences and experiential brand relationships digitally

Customer-Based Brand Equity

Definition

Customer-Based Brand Equity can be described as the differential effect that brand knowledge has on customer response to the marketing of that brand. A brand has positive customer-based brand equity when **customers react more favorably to a product** and the way it is marketed in case the brand is identified compared to when it is not. Thus, customers might be more accepting of a new brand extension for a brand with positive customer-based brand equity (Keller & Swaminathan, 2020)

The Pyramid of Brand Loyalty



The Pyramid of Brand Loyalty

Brand Identity

Ensure **identification** of the brand and an association of the brand in customers' minds with a specific product class, product benefit, or customer need

Brand Meaning

Firmly establish the totality of **brand meaning** in the minds of customers by strategically linking a host of tangible and intangible **brand associations**

Brand Response

Elicit the proper **customer responses** to the brand

Brand Relationships

Convert brand responses to create brand resonance and an intense, active **loyalty relationship** between customers and the brand



Challenges of Brand Loyalty in the Digital Age

Growing competition, because of low market entry barriers and easy ways to copy a business model

Dissatisfaction is easy to spread as consumers communicate to a broad mass of potential other consumers

New opportunities for companies and brands result from **new ways of communication**

Brand loyalty can suffer from the wide range of **online offers**

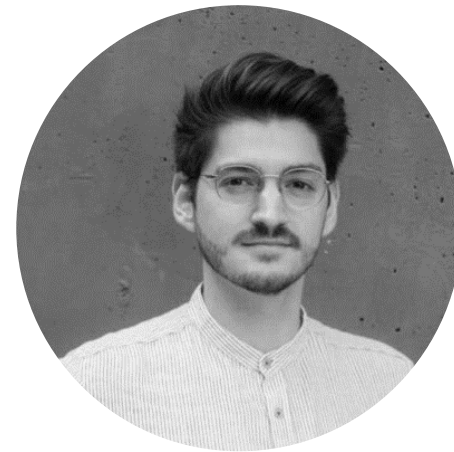
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