

A MANAGERIAL PERSPECTIVE OF BRAND LOYALTY

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ABSTRACT

Today, the importance of marketing managers knowing how to influence customer loyalty is constantly growing. With competition increasing day after day, customer maintenance and growth has become the first goal of many companies and loyal customers can be considered as a key to success in many service businesses. Brand loyalty is a function of both behaviour and attitudes. It is a consumer's preference to buy a particular brand in a product category. It occurs because consumers perceive that the brand offers the right product features, image, or level of quality at the right price. This perception becomes the foundation for new buying habits. Consumers will initially make a trial product of the brand and when satisfied with the purchase, tend to form habits and continue to purchase the same brand because the product is safe and familiar.

DEFINITION OF 'BRAND LOYALTY'

A brand loyalty as a consumers' decision, expressed through intention or behavior, to repurchase a brand on a regular basis. This kind of decision can be made both on conscious as well as unconscious basis. It occurs because the consumer perceives that the brand offers the right product features, image, or level of quality at the right price. Wilkie (1994) defined brand loyalty as "a favorable attitude toward, and a consistent purchase of, a particular brand". This definition suggests that consumers are loyal when both attitude and behavior are favorable. Jacoby and Chestnut (1978) offered a deeper definition of brand loyalty, stating that brand loyalty is.. " biased, behavioral response, expressed over time, by some decision making unit, with respect to one or more brands out of set of such brands, and is a function of psychological processes".

INTRODUCTION

When consumers become committed to one brand and make repeat purchases over time. Brand loyalty is a result of consumer behavior and is affected by a person's preferences. Loyal customers will consistently purchase products from their preferred brands, regardless of convenience or price. Companies will often use different marketing strategies to cultivate loyal customers, be it is through loyalty programs (i. e. rewards programs) or trials and incentives (i.e. samples and free gifts). The extent of the faithfulness of consumers to a particular brand, expressed through their repeat purchases, irrespective of the marketing pressure generated by the competing brands.

Loyalty matrix

		Predicted loyalty (based on attitudes)		
		Low	Moderate	High
Actual loyalty (based on behaviour)	Low			PROSPECTS
	Moderate	VULNERABLES		
	High			REAL LOYALS

Baldinger and Rubinson (1996) have divided loyal consumers into different groups according to their levels of behavioral and attitudinal loyalty. The key concept of their behavior/attitude matrix is that a brand's loyal substance is not just its behaviorally high loyal customers but also those who show loyalty both in their actions and their attitudes. This framework that is presented in below figure shows, that genuinely loyal consumers, the "real loyal" are loyal both in behaviorally and have strong positive attitudes towards the brand.

LITERATURE REVIEW

Customer loyalty is defined as a customer who repurchases from the same service provider whenever possible, and who continues to recommend or maintains a positive attitude towards the service provider (Bloemer et al., 1999, Gremler and Brown 1999, Shoemaker and Lewis 1999, Kandampully and Suhartanto 2000). Customers may be loyal due to high switching barriers or lack of real alternatives. Customers may also be loyal because they are satisfied and thus want to continue the relationship. History has proven that most barriers to exit are limited with regard to durability; companies tend to consider customer satisfaction the only viable strategy in order to keep existing customers. Several authors have found a positive correlation between customer satisfaction and loyalty (Bearden, Teel et al. 1980; Bolton and Drew 1991; Fornell 1992; Anderson and Sullivan 1993).

Customer loyalty is a buyer's overall attachment or deep commitment to a product, service, brand, or organization (Oliver, 1999). Oliver, (1999) defines loyalty as a deeply held commitment to re-buy product/service consistently in the future, thereby causing repetitive same brand or same-brand set purchasing. From all previous studies about customer loyalty and the factors that affecting on it such as service quality, switching barriers, and brand image, all researchers gave several definitions of customer loyalty, each definition expect type of product or service, but there are some things are similarity between their definitions as, repeatedly purchase a goods or service over time; and hold favorable attitudes towards a goods or service, or towards the company supplying the goods or service. But the deference between their definitions are the factors that affecting on customer loyalty for example the factors that affecting on loyalty to cars are deferent the factors that affecting on loyalty on mobile phone or any product that consume it daily, monthly or yearly, as mentioned by (Jun and Bin, 2005).

PROCESS OF BRAND LOYALTY

The usual process of brand loyalty generation is that initially, a consumer makes a trial purchase of a specific product from a given brand. If the product meets the customer's expectations and gives satisfaction, the consumer often forms a habit of buying this same product. The consumer is now more willing to buy the product again as well as other products from the same brand, because the brand is now considered safe and it has proven itself to be of sufficient quality. Consumers who are loyal are committed to a brand, willing to pay a higher price for a certain brand over others, and readily recommend the given brand to other people they know (Giddens & Hofmann, 2002). Reichheld and Schefter (2000) explain the generation of brand loyalty in much simpler terms, stating that loyalty is won through delivery of superior customer experience. Kevin Stirtz (2008) suggests six steps in order to create brand-loyal customers.

- ✓ The first step involves asking the customers what they want, in the broadest sense of the question. This includes what they want in general, what they are trying to accomplish, what image they are trying to portray, how they want to be served, and so on.
- ✓ The second step is communicating to your customers what they should expect from the brand. It is of no use to try and please everyone and try to be all things. That kind of strategy usually ends up in too many things half-heartedly and satisfying no one. Instead, companies should figure out their core competencies and focus on them, delivering outstanding products and services in a given area.

- ✓ The third step that Stirtz suggests is to create easy ways for the customers to provide feedback. This step is forgotten by many companies. Companies should be creative in finding ways to get customer feedback, and make sure that the customers know about these ways.
- ✓ The fourth step, which is closely related to the third one, is listening to what your customers say. This includes both utilizing the customer feedback, as suggested in the third step, but also other ways people communicate about the brands, such as the Internet. This process needs to be done on a regular basis.
- ✓ The fifth step is a direct continuation of the fourth one, namely acting on these customer feedback and suggestions.
- ✓ The final step is that of repetition. The whole process needs to be repeated constantly in order to be successful and generate higher levels of loyalty.

TYPES OF BRAND LOYALTY

Building brand loyalty has become a crucial aspect of a business especially these days when the competition in the business world is growing tougher. Remember that the brand loyalists can make or break a brand image by word of mouth promotion. Brand loyalists have that power because a brand survives on the usage of its products or services by the customers. With the development of advanced marketing tools all the brands are competing to reach their target market. Most of them are trying to offer quality product or service at a reasonable rate. So protecting brand switching among customers has become very difficult. Before you know how to build a brand you should have an idea about the 4 types of customers or brand users.

- **Hard Core Brand Loyalists:** These are customers who remain loyal to a single brand.
- **Soft Core Brand Loyalists:** These are customers who remain loyal to 2-3 brands at a time.
- **Shifting Brand Loyalists:** Shifting brand loyalists are those who keep shifting from one brand to another. But they can come back to the brand towards which they were loyal.
- **Switchers:** The switchers always look for new brands. They prefer to experiment with different brands. At times they also switch to new brands because of price change.

EFFECTS OF BRAND LOYALTY

Giddens and Hofmann (2002) mention three important outcomes that are the backbone of the importance of brand loyalty. The first reason pointed out is that companies with high brand loyalty enjoy higher sales volumes. According to Giddens and Hofmann's studies, the average company loses around 13% of their customer base every single year, and that shows just how challenging it can be in the competitive environment of the modern world. To achieve a mere 1% annual growth, the sales need to increase by 14% to both new and existing customers. By reducing customer loss, business growth can be dramatically improved and brand loyalty can be increased. Those two factors lead to more consistent sales of greater volumes, due to the fact that the same brand is purchased repeatedly. The second reason for the importance of brand loyalty mentioned is premium pricing ability. Giddens and Hofmann state that with increased levels of brand loyalty, consumers become less price-sensitive. Overall, they are ready to pay higher amounts for their preferred brand because they sense some special and unique value in that given brands that other brands do not provide. On top of that, brand loyal customers are less prone to chase after discounts. The third and final reason mentioned is related to product search. Those customers loyal to a certain brand are ready to search for that brand and are less sensitive to competitors. This results in lower advertising costs, marketing costs, and distribution costs. Attracting a new customer costs up to four to six times as it does to retain an already existing one.

CONCLUSION

Consumer satisfaction leads to brand loyalty. Satisfaction means a positive evaluation of a product or brand, which shows the consumers that they are capable of making the right decision when choosing from the enormous supply of products. It also shows the consumers that they needs

and wants are fulfilled. This is an assumption made very often in marketing theory as well as in marketing practice. Based on this assumption, every producer of any kind of product (service or goods) should attach utmost importance to creating consumer satisfaction. It is even often supposed that the greater the amount of consumer satisfaction, the greater the degree of brand loyalty and brand loyalty is one of the most important pillars for a firm's continuity (and profits).

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