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Brand Loyalty and Role of Social Media

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Chapter-2 Literature Review

Introduction

A brand is a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. The legal term for brand is trademark. However, in public relations, the term "brand" may identify one item, a family of items, or all items of that seller. (Marketing.com, 2012)

Brands have three primary functions: navigation, reassurance and engagement. (Wheeler, Alina, 2009)

- Navigation: Brands help consumers choose from a vast array of similar selections.
- Reassurance: Brands communicate the intrinsic quality of the product or service and reassure customers that they have made the right decision.
- Engagement: Brands use distinctive imagery, language and associations to encourage customers to identify with the brand.

A brand is essentially the identifier that differentiates a product or service from its competitors. Marty Neumeier, author of "The Brand Gap: How to Bridge the Distance Between Business Strategy and Design," summed it up nicely by stating: "brand is a person's gut feeling about a product, service or company."

Branding is simply the process to build awareness of a product or service and extent customer loyalty.

Brand loyalty cannot exist without a brand; therefore it is important to understand what a brand is. The American Marketing Association defines a brand as a "name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or groups of seller and to differentiate them from those of the competition." (Argenti &

Drunkenmiller, 2004 p.368). A strong brand communicates to its customers that it is able to meet the customer's needs and will continue to be accepted by consumer during states of high competition (Ettenson & Knowles, 2008; Nandan, 2005)

Brands have traditionally focused on the functional attributes of its products. Now, firms are starting to focus on the emotional attributes, of its users that give consumers an overall brand experience that can be defined as the consumer's behavioral response and internal response that they take away after encountering the brand's design, packaging, identity, environment, and communication efforts (Brakus, Bernd, Schmitt, Zarantello, 2009).

Although there are many brand loyalty models in the literature, scholars do not completely agree on what brand loyalty is (Holbrook, 2001). Theories based on cognitive psychology and attitude has largely guided the work on brand loyalty (Dick & Basu, 1994; Fournier & Yao, 1997). Wilkie (1994) defined brand loyalty as "a favorable attitude towards, and consistent purchase of, a particular brand" (p.18). However, other researchers argued that this definition was too simple for brand loyalty in terms of consumer behavior.

Other researchers used Oliver's (1999) definition of brand loyalty: "A deeply held commitment to re-buy or re-patronize 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" (p.34). This definition of brand loyalty represents the intention to act in buying certain products such as behavioral intent, which is the combination of attitude and behavior (Oliver, 1999).

For the purpose of this paper brand loyalty will be defined as the integration of attitude, emotions, and behavior to continually purchase a brand based on a previous experience because the brand offers the correct image, price, quality and attributes (Kabiraj & Shanmugan, 2011; Olson & Peter, 2010).

Even though the idea of brand loyalty was first introduced in 1923 by Copland, brand loyalty was first seen in literature by G.H.Brown (1952) in *Advertising Age*. Brown said that brand loyalty is strictly behavioral and could be shown by a consumer's repeat purchases. However, in the 1960s, attitude was added to the brand loyalty construct by Cunningham (1967) who used an attitudinal measure called perceived brand loyalty. Day (1969) agreed with Cunningham that brand loyalty is based on attitude and behavior. He also emphasized that previous research has not distinguished from true loyalty and spurious loyalty. Jacoby and Kyner (1973) argued that repeat purchases should not be the determinant factor of brand loyalty because there could be other underlying factors.

Newman and Werbel (1973) stated that brand loyalty should consist of the consumer's resistance to switch to other brands. Jacoby and Chestnut (1978) were given substantial credit for the following brand loyalty definition: "the biased and (i.e, .non-random), behavioral response (i.e. purchase), 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 (decision making, evaluative) process" (p.80). It was from this research that Jacoby and Chestnut concluded the following: "it is extremely interesting to find, upon reviewing this literature that no one quite agrees on exactly what brand loyalty is" (p.32). Once a clear definition was introduced in the marketing world, further advances on the concept of brand loyalty have been added to literature.

In the 1980s a difference between commitment and loyalty was discovered. Traylor (1981) suggested that the greater the brand commitment of a consumer, the more likely it is that the said brand will be the only choice. Traylor (1983) also argued that commitment is a construct of brand loyalty and it represents an emotional or psychological bond with a product class. Two major categories of habitual buying were identified by Engel, Blackwell, & Miniard (1990): repeat purchases and brand loyalty.

It is important for a company to garner brand loyalty for the benefits it gives including following: the basis for brand equity, establishing a sustainable competitive advantage, generating a continuous stream of profit, increasing referrals and shareholder value, and growth per-customer revenue while reducing marketing and operating costs (Gounaris and Stathakopoulos, 2004; Knox & Walker, 2001). However, brand loyalty is not to be confused with repeat purchases or habitual buying behavior. Habitual buying behavior occurs when the consumer has no emotional attachment to the brand and buys the brand out of familiarity instead of brand conviction. Kotler, Armstrong, Sounders, and Wong (1996) say that this habit can be broken if the buying pattern is broken and if the availability of products has decreased. Brand loyal consumers have a conviction and an emotional attachment regarding the brand while repeat purchasers do not have a conviction or an emotional attachment to the brand; this is different from spurious loyalty. (Kabirag & Shanmugan, 2011; Nandan, 2004). Spurious loyalty is when a consumer is loyal because of factors such as price and convenience. (Batista-Foguet, 2011). In this regard, emotional attachment is characterized by affection, passion, and connection (Thomson, MacInnis, & Park, 2005).

Brand loyal consumers stay loyal to their brand even during market disruptions. Market disruptions are events in the market that occur at the individual level and will threaten the consumer-brand relationship. These include competitors’ sales promotions, product recalls, industry crisis, negative publicity, and new innovations by competitors. All of these factors can influence how a consumer views a brand (Ahearne, Hu, La & Schillewaert, 2010).

Social Media and Marketing

While marketing plays an integral role in the branding process, public relations do as well. With today's digitally saturated media landscape, there's now a large amount of overlap between what falls into the responsibility of the marketing team and that of the PR team. In an ideal setting, the two groups will both work toward achieving corresponding marketing and communication goals, and to further brand equity.

In today's digitally infused consumer world, creating, strengthening and maintaining brand equity is as important and challenging as ever. Successfully persevering and furthering brand equity while transitioning through drastic changes, such as the Web 2.0 revolution and the advent of the social web has been a struggle for many companies and their respective brands and continues to be so as the dynamic digital landscape evolves before our very eyes.

The rise of social media over the past decade has drastically altered the way in which brands build and maintain brand loyalty. Social media is integrated into virtually every aspect of life, especially the relationships between brands and their consumer audiences.

Here is a brief description of some major social networking sites

Social Media Websites

Facebook was founded in 2004, is currently the world's largest social networking site. Millions of people use Facebook every day to keep up with friends, upload an unlimited number of photos, share links and videos and learn more about the people they meet. (Wheeler, Alina, 2012) as of December 2012, the site has one billion monthly active users.

Flicker is an online application that enables you to manage and share digital photos and JPEG images. It can be used to upload images taken with a camera, and in the upload process, Flicker allows users to title, describe, tag and set security on the images. (yahoo.com)

MySpace is the major social networking site on the Web in the mid-2000s. founded in 2003 by Tom Anderson and Chris DeWolfe, MySpace was acquired by Rupert Murdoch's News Corporation via its purchase of parent company Intermix in 2005. In 2006, MySpace was the most visited site on the Web; however, by 2008, it was overtaken by Faceboook and has continued to decline. (15)

Twitter is a very popular instant messaging system that lets a person send a brief text messages up to 140 characters in length to a list of followers. Launched in 2006, Twitter was designed as a social network to keep friends and colleagues informed throughout the day. However, it became widely used for commercial and political purposes to keep customers, voters and fans up-to date as well as to encourage feedback (Encyclopedia, 2012). A "tweet" is a post or status update that user publishes through their account.

In this fickle and constantly evolving society we live in, even well-established brands-and in some cases, especially well-established brands have to digitally work at preserving and improving their brand equity, and the process definitely has its difficulties.

How social media impacts branding

Social media is increasing becoming the preferred method to consume and create media around the world. According to recent studies, 33% of all online content is user generated and six out of the top 10 websites in the world are social. Social is how we are increasingly learning about brands: 25% of search results for the world's top largest brands are now links to user generated content. (Perry, Chris, 2010) In a way, consumers now own the brand.

Social media's newer and reach continues to expand and there appears to be no slowing down anytime in the near future. To provide additional context to the current power, influence and sheer iniquitousness of social media, here are some recent relevant statistics (Bullas, Jeff, 2012):

- One in every nine people on Earth is on Facebook
- 190 million average Tweets per day occur on Twitter
- More than 2.5 million websites have integrated with Facebook.
- 30 billion pieces of content is shared on Facebook each month.
- Facebook averages 310 million daily unique viewers; Twitter averages approximately 22 million.
- 71% of companies have a Facebook page; 59% have an active Twitter handle.

These statistics reflect the social media landscape in May of 2011, so taking into consideration the fact that social media usage has continued to steadily increase since then, these staggering numbers are actually lower than the current figures.

During the late 1990s and early 2000s during the "dotcom boom," there were discussions among companies as to whether or not they should invest in an internet site. A few years later, that was no longer a question – an Internet site was an operational necessity. The same sort of though cycle has occurred with social media platforms. Just a few years ago, there was a discussion among companies about whether or not to engage in social media platforms – many wondered if they were just a fad; but now it's not a question of "if?"- it's a question of "How?" and "Why?"

Social media is now a major component in the branding process. It is one of, if not THE, key element in building awareness of a product or service and aiding in strengthening customer loyalty – it paved the way for the idea of customer loyalty to evolve to the point that is today. Brands have realized that it is not just eh spenders – the ones who frequently buy products – who are important, but also the influencers who indirectly account for sales through brand advocacy. This notion made apparent by social media – was an important realization of companies and brands. (Pentel, Zach, 2011) Social media has created and allowed online brand advocates to now play a major role in how a brand is perceived, and consequently, consumers' buying habits in relation to a particular brand.

Many large consumer companies have realized and continue to realize the importance of their social media presence and tend to focus their digital strategy efforts on their social media platforms, as oppose to their websites. Some large brands' websites are now even dedicated to redirecting users to their social media platforms, such as the homepage for the popular Skittles candy (www.skittles.com), which simply consists of selected consumers' Facebook and Twitter posts, branded YouTube videos and focal hyperlinked icons that link to its branded social media pages.

References

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