



# Behavioral brand loyalty and consumer brand associations

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## ABSTRACT

Brand associations are a core part of Consumer Based Brand Equity (CBBE), and behavioral brand loyalty is a desirable outcome of CBBE. In this research, data from purchase panel and consumer surveys merge to reveal the relationship between a consumer's past behavioral loyalty and their current propensity to give brand associations. The results show a positive relationship, where those with a higher buying frequency and a higher share of category requirements are more likely to give brand associations. The findings also show that share of category requirements is a greater driver of brand association responses than buying frequency. This finding suggests that the use of competitors has a greater dampening effect on brand associations than the reinforcement effect of repeated brand buying. These results have important implications for modeling brand associations, particularly using cross-sectional data.

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## 1. Introduction

Keller (1993, 2003) conceptualizes Consumer Based Brand Equity (CBBE) as the aspects of customers' brand knowledge that create a differential effect in behavior towards the brand. One of the key objectives of marketing research is to determine how CBBE influences customers' future brand buying behavior. To this end, there has been considerable effort to conceptualize and measure the different facets of CBBE across a wide range of contexts (e.g., Hsieh, 2004; Keller, 1993; Leone et al., 2006). However, very limited evidence concerning how CBBE relates to changes in customer buying behavior exists.

A potential factor holding back discoveries in this area is that CBBE models rarely include past buying behavior. The focus of this paper is on behavioral brand loyalty, which is the relative weight or frequency of customer purchases (Ehrenberg, 2000). Behavioral brand loyalty combines with penetration, which is how many people buy the brand within a timeframe to make up market share. Penetration is a potential antecedent of CBBE (Keller, 2003). Penetration is a binary variable, representing the instance of brand purchasing in the timeframe or not. Therefore, penetration does not vary amongst a brand's customers. All customers, as defined by penetration, have bought the brand at least once. However, consumers display considerable heterogeneity in their behavioral loyalty, with different customers having different weights of purchase of the brand over a

particular timeframe. The widespread fit of the NBD-Dirichlet Model (Goodhardt, Ehrenberg, & Chatfield, 1984) shows that this heterogeneity in brand loyalty across consumers is a normal characteristic of customer bases of brands in packaged goods markets.

One can find an appropriate analogy in horseracing. Horses in the same race have been racing for differing periods, with varying levels of success, so they do not all start with the same potential to win. Thus betters look to the horse's prior form, in an attempt to improve the accuracy of their wagers for the next race. Consumers of a brand have similarly heterogeneous past experiences with the brand and its competitors (Rust, Lemon, & Zeithaml, 2004). This heterogeneity implies that when assessing brand equity, a variety of customers, each with potentially different brand equity baselines, are likely to exist. Understanding the nature and drivers of the variation in baselines will improve accuracy in measuring any change in CBBE over time. Such knowledge also provides insight into customers' potential for change, through highlighting segments with more/less room to move in CBBE. This information can be valuable when targeting marketing activities to build brand equity.

Therefore, like the aforementioned horses, at any single point in time, not all customers in a brand's customer base start with the same potential, which, in turn, leads to the question about how the differential loyalty levels may affect current CBBE.

CBBE is multifaceted, including dimensions such as brand awareness and brand image (Keller, 2003). CBBE can also encompass attitudes toward a brand, brand personality traits, and perceived quality ratings (Aaker, 1996; Aaker, 1997; Buil, de Chernatony, & Martínez, 2008). However, the key component of CBBE is the associations that customers hold about the brand in memory. These associations are the concepts that have links to the brand name in

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consumer memory (Keller & Lehmann, 2006). Examples of associations include representations of purchase and consumption situations, functional qualities or provided benefits (Holden & Lutz, 1992).

Stronger behavioral loyalty is a desirable differential effect of CBBE. The basic premise is that if CBBE shifts, then so should loyalty (Kaynak, Salman, & Tatoglu, 2007; Leone et al., 2006). However, much of the past research takes a cross-sectional approach, where the researchers use claimed behavioral loyalty and measure the construct at the same time as the CBBE (e.g. Brakus, Schmitt, & Zarantonello, 2009). This approach raises serious issues about the direction of causality, particularly if a relationship between past behavioral loyalty and current brand associations exists. Broyles, Schumann, and Leungpibul (2009) model brand loyalty as an antecedent of CBBE and find a weak/insignificant relationship between stated behavioral loyalty and imagery. However, the research has two limitations. The first limitation is that the study collects both measures at the same time. The second limitation lies in the antecedent brand loyalty measure, which takes form of verbalized past behavior in comparison to other brands. This study overcomes the limitations of this research.

The aim of this paper is to understand the degree to which a customer's past behavioral brand loyalty is an antecedent of their current brand associations. The paper takes a unique approach by merging two data sources from the same consumers: scanner buying data collected over one year, and survey data collected at the end of the year. This approach provides a clear direction of behavior-to-brand associations, and reduces the inaccuracy of using claimed behavior to assess brand loyalty and the common method bias inherent in cross-sectional studies (Podsakoff, MacKenzie, Jeong-Yeon, & Podsakoff, 2003).

## 2. Theoretical background and hypotheses

### 2.1. Brand associations as part of CBBE

A core component of CBBE is the network of brand associations in consumers' memory (Christodoulides & de Chernatony, 2010; Keller, 2003). These associations include functional qualities, benefits, purchase and consumption situations (Keller, 1993). Brand associations can underpin the consumer's propensity to consider and buy the brand. Under an associative model of memory structure and retrieval (Anderson & Bower, 1979; Collins & Loftus, 1975), associations make the brand more likely to be thought of in a choice situation through giving the brand links to potential retrieval cues (Nedungadi, 1990; Romaniuk, 2003). Furthermore, from an information-processing perspective, brand associations increase the chance that the brand will be able to fulfill the consumer's needs at that time (Bettman, 1979). Moderating the relationship between the attribute and the brand are the links to competitor brands, which can interfere with retrieval and provide alternatives that reduce the propensity to select the brand (Burke & Srull, 1988). Therefore, marketers try to link a brand with strong (accessible), favorable associations (Keller, 1993) to keep ahead of competitors and generate a differential effect on consumer behavior. Consequently, changes in the nature and strength of brand associations should flow into changes in consumer behavior.

Despite this long-standing claim, little empirical evidence exists to support the relationship between a consumer's brand associations and future buying behavior. Two possible reasons exist for the lack of evidence. The first possibility is methodological. Much of the research to date is cross-sectional in nature, modeling data where brand associations and brand loyalty measures come from the same survey (e.g., Broyles et al., 2009; Yoo, Donthu, & Lee, 2000). This approach leads to questions about the direction of effect as to whether brand associations are impacting on brand loyalty or vice versa. The simultaneous measurement of brand associations and brand loyalty also raises the issue of common method bias amplifying relationships between constructs (Avolio, Yammarino, & Bass, 1991). Therefore,

research that has, first, clarity of direction and, second, does not measure the constructs in the same survey, will help disentangle relationships between the variables of interest. The second possible explanation for the lack of empirical evidence is the neglect of consumers' past direct experiences with the brand in CBBE modeling. Brand associations form from past brand interactions (Krishnan, 1996). For current customers of the brand, these interactions include the direct experience of buying and consuming the brand, which has a powerful impact on the brand associations that are formed (e.g., Kempf & Smith, 1998). However, customers of a brand differ in the number of times they have directly encountered the brand. They also differ in their relative past experiences with competitor brands, which impacts upon their formation of competitor associations. The manifestation of this past experience is behavioral loyalty.

### 2.2. Behavioral brand loyalty

Brand loyalty metrics have a long history in marketing, dating back to at least Guest (1944). Within this long history, a considerable amount of discussion exists about conceptualizations and operationalizations, and the integration of both behavioral and attitudinal components (e.g., Dick & Basu, 1994; Jacoby & Chestnut, 1978). The focus of this research is on behavioral brand loyalty (Ehrenberg, 2000), and in particular its two operationalizations:

- Buying frequency—Buying the brand more frequently than other consumers;
- Share of category requirements—Devoting a larger proportion of category purchases to the brand than to competitors.

Both of these are, from the firm's perspective, desirable consumer behaviors. The next section discusses the relationship between these two types of loyalty and the formation of brand associations.

#### 2.2.1. Buying frequency

Buying frequency is how many times a customer buys in a specific timeframe. For each brand, the distribution of buying frequencies in packaged goods markets follows predictable properties, for which the Negative-Binomial Distribution provides estimation (Ehrenberg, 1959; Schmittlein, Bemmaor, & Morrison, 1985). Therefore, brands would normally have heterogeneity in customer buying frequencies, but the impact of this heterogeneity on the brand associations of those consumers is unclear. Consumers develop and reinforce memories about a brand in three key ways: exposure to marketing communications, receiving word-of-mouth, and direct personal experience (Krishnan, 1996). Additionally, one can make inferences about a brand from pre-existing associations about the company or the country of origin (Keller, 1993). Of these, direct personal experience has the strongest influence (Burnkrant & Unnava, 1995), which means that those who have bought the brand more frequently in the past have had more reinforcement through direct experience. As such, they should have developed much stronger associations in memory than those who have previously bought the brand less frequently. This reasoning leads to the first hypothesis:

**H1.** Customers who have previously bought the brand more frequently will have stronger associations about that brand than those who have previously bought the brand less frequently.

#### 2.2.2. Share of category requirements

Each market consists of many competing brands. In packaged goods markets, consumers typically have a repertoire of brands that they shuffle between over time (Sharp, Wright, & Goodhardt, 2002). Therefore, across customers, a difference exists in the relative weight of purchase allocations to the brand versus the allocation to competitors. Some customers will buy the brand exclusively or near exclusively, while for others the brand will only be a small part of their

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