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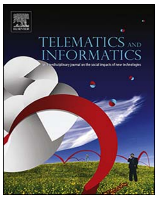

Facilitation of consumer loyalty toward branded applications: The dual-route perspective

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ABSTRACT

Although many brands develop mobile applications (apps) to build relationships with consumers, most branded apps fail to retain consumers' loyalty. This study examines the facilitation of consumer loyalty toward branded apps (continuance intention, in-app purchase intention, and word-of-mouth intention) from the dual-route perspective. One route is the affective (relationship) route, where brand benefits (functional benefits, experiential benefits, symbolic benefits, and monetary benefits) drive parasocial interactions between consumers and the brand, which, in turn, influences branded app loyalty. The other route is the utility route, where system characteristics (system quality and information quality) affect perceived usefulness, which, in turn, facilitates branded app loyalty. An online survey was conducted, and the research model was empirically tested using partial least squares structural equation modeling. The findings support the dual-route perspective according to which both affective and utilitarian paths facilitate branded app loyalty. The key theoretical contribution of this study is that it moves beyond the utilitarian path and finds the affective (relationship) path to give a more complete picture of the facilitation of consumer loyalty in the branded app context. A strategy is provided to suggest to practitioners how to design branded apps to facilitate consumer loyalty.

1. Introduction

Smartphone users spend approximately 90% of their time on their devices using mobile applications (apps) (Allan, 2015). Based on Nielsen research, apps are now an essential part of people's everyday lives, with individuals spending an average of 30 h per month on them (Tiongson, 2015). Many companies have begun to launch branded apps to connect with consumers through brand messages (Allan, 2015; Reddy, 2015; Tiongson, 2015). More than 90 of the top 100 global brands have already launched at least one app. Branded apps are defined as "software downloadable to a mobile device which prominently displays a brand identity, often via the name of the app and the appearance of a brand logo or icon, throughout the user experience" (Bellman et al., 2011). Branded apps offer rich opportunities for brands to build loyalty in a competitive marketplace, drive e-commerce, and boost brand recognition and sales (Allan, 2015; Tiongson, 2015). However, most branded apps fail (Allan, 2015). New research from the creative digital marketing company Ampersand Mobile indicated that brands are mostly failing in their efforts to engage with consumers using apps. A total of 84% of consumers deleted branded apps after only one use, according to the Ampersand Mobile research (Feeley, 2015). Although there are many branded apps, few of them have gained long-term and repeat usage (Reddy, 2015). How to facilitate consumers' loyalty toward branded apps is a research question worth examining. Although it is crucial for firms to facilitate the

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adoption of branded apps, many firms place more effort on retaining current users because acquiring new users is more expensive than retaining current users (Wood, 2004).

Most previous studies examined mobile app loyalty or retention from the utilitarian perspective (Fang and Fang, 2016; Fang, 2017; Hsiao and Chen, 2016; Kang, 2014; Lu, 2014) using the technology acceptance model (TAM), in which perceived usefulness as a key component drives continuance intention (Fang and Fang, 2016; Fang, 2017; Hsiao and Chen, 2016; Lu, 2014). However, the factors facilitating branded app continuance are not restricted to utilitarian factors (Fang, 2017). Since firms use branded apps as a tool to develop a long-term relationship with consumers (Zhao and Balagué, 2015) and since consumers perceive brands as humans and tend to develop affective relationship with brands (Aggarwal, 2004), it is worthwhile to investigate how to facilitate branded app loyalty from the consumer-centric relationship perspective. The consumer-brand relationship examined in this research is parasocial interaction, defined as consumers' illusion of having an intimate and personal relationship (friendship) with a media persona such as a brand (Labrecque, 2014). The main feature of parasocial interaction is that the interaction is one-sided and is controlled by the media persona (Horton and Wohl, 1956). Most branded apps provide brand messages to consumers to communicate and build a relationship with consumers (Zhao and Balagué, 2015), and such a relationship is similar to parasocial interaction. Consumers feel as though at any time, brands are on their side to give them valuable information and that brands are similar to their intimate friends (Labrecque, 2014). Since parasocial interaction theory postulates the relationship between parasocial interaction and media usage, this theory is utilized to explain how parasocial interaction between consumers and brands facilitates branded app loyalty (Giles, 2002). Hence, this study moves beyond the utilitarian perspective of the TAM and incorporates the relationship (affective) perspective of parasocial interaction theory to examine the facilitation of branded app loyalty.

This research also seeks to examine the antecedents of parasocial interaction and perceived usefulness in the context of branded apps. There are three knowledge gaps in this body of literature. First, although most previous studies examined the antecedents of parasocial interaction in the context of mass media usage (Giles, 2002) and social media usage (Labrecque, 2014), to the best of the authors' knowledge, the literature has remained silent on the facilitators of parasocial interaction in the context of branded app usage. Since previous studies indicated that the consumer-brand relationship follows commercial norms and that benefit considerations underlie the consumer-brand relationship (Aggarwal, 2004; Batra et al., 2012), this research examines how brand benefits in branded apps facilitate parasocial interaction from the perspective of the reinforcement theory of friendship development, which postulates that people develop friendships with those providing rewards (Fehr, 1996).

Second, previous studies adopting the utilitarian perspective examined the system antecedents of perceived usefulness using the TAM (Fang and Fang, 2016; Fang, 2017). However, two important system characteristics (i.e., system quality and information quality) of the DeLone and McLean IS success model (D&M IS success model) are not investigated (Delone and Mclean, 1992; Seddon, 1997). Since consumers use branded apps to obtain information on products and brands and to facilitate purchase processes, system quality and information quality are two relevant drivers in judging the usefulness of branded apps. Hence, drawing on the IS success model, this research examines whether system quality and information quality facilitate perceived usefulness.

Third, previous studies utilized continuance intention (Fang and Fang, 2016; Fang, 2017) and in-app purchase intention (Fang, 2017) to represent consumers' loyalty toward branded apps. However, word-of-mouth intention, as another important component of consumer loyalty, is not included (Taylor and Jones, 2007; Zeithaml et al., 1990). This study includes these three components and investigates how to facilitate consumers' loyalty toward branded apps from the dual-route perspective.

In summary, the aim of this research is to investigate the facilitation of branded app loyalty (i.e., continuance intention, in-app purchase intention, and word-of-mouth intention) from the dual-route perspective: the affective path and the utilitarian path. Specifically, the system characteristics (i.e., information quality and system quality)-perceived usefulness-branded app loyalty link demonstrates that the utilitarian path is developed based on the D&M IS success model and the TAM. The affective path is developed based on parasocial interaction theory and the reinforcement theory of friendship development, and this path denotes the brand benefits (i.e., functional, experiential, symbolic, and monetary benefits)-parasocial interaction-branded app loyalty link. The utilitarian path focuses on the function of the branded app to facilitate task completion, while the affective path focuses on the relationship-building efforts between consumers and the focal brand of the branded app. Based on the results, we suggest to practitioners how to design effective branded apps to facilitate consumers' loyalty toward branded apps.

2. Literature review and hypothesis development

2.1. The affective path

2.1.1. Parasocial interaction

Parasocial interaction was coined by Horton and Wohl (Horton and Wohl, 1956) to describe audiences' illusionary experience of having established a "seemingly face-to-face relationship or friendship" with a remote media personality (i.e., mediated representations of presenters or characters). The audience has the illusion that the relationship is immediate, personal, and reciprocal. In fact, parasocial interaction is characterized by minimal or no actual interactivity or mutuality and is one-sided, non-dialectical, and controlled by the media figure (Horton and Wohl, 1956; Perse and Rubin, 1989). The development of parasocial interaction does not necessarily depend on the length of the relationship, and feelings of parasocial interaction can arise during initial exposures (Perse and Rubin, 1989).

Although traditional research focused on the audience's relationship with a persona in mass media, previous studies have indicated that parasocial interaction refers to an affective bond persisting outside the mass media context (Giles, 2002), such as the relationship between netizens and political candidates on a website (Thorson and Rodgers, 2006), between bloggers and readers

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