Consumers' relationships with brands and brand communities – The multifaceted roles of identification and satisfaction

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ABSTRACT

This study integrates consumer-brand identification and customer satisfaction as core relationship drivers to study their interrelationships as well as the effects on customer loyalty and word-of-mouth communication. Considering multiple interacting targets of identification in brand communities, the empirical study unfolds the multifaceted, context-specific relevance of identification and satisfaction: While the effect of identification on brand loyalty is mediated by customer satisfaction, satisfaction has no significant effect on community loyalty. Moreover, brand communities are particularly useful for gaining new customers, whereas no increase in brand loyalty could be found. Managers are generally advised to specify constructs of interest related to different relevant targets of identification.

1. Introduction

In the last decades, a clear shift in marketing from transactions to relations could be observed and it is highlighted by the success of relationship marketing (Grönroos, 1994; Sheth and Parvatiyar, 1995), which refers to "all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" (Morgan and Hunt, 1994, p. 22). While for a long time publications particularly focussed on the important role of customer satisfaction as a core relationship driver (e.g., Palmatier et al., 2006; Hennig-Thurau and Klee, 1997), more recently consumers' identification with a company has been introduced as a construct and a driver of relationships (Ahearne et al., 2005; Haumann et al., 2014). Scholars argue that identification gains in importance in times of high customer satisfaction levels which make it increasingly difficult to outperform customer expectations and to differentiate from competitors on the basis of customer satisfaction (Homburg et al., 2009). Moreover, Haumann et al. (2014) demonstrate that both customer satisfaction and customer-company identification positively influence customer's loyalty and willingness to pay, whereby the effects of customer-company identification were significantly more persistent and particularly helpful to compensate lower levels of customer satisfaction. Not surprisingly, researchers and practitioners increasingly emphasize the value of identity-motivated marketing strategies (Lam, 2012).

Extensive research on the concept of identification has particularly been carried out on brand communities, commonly defined as a 'specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand' (Muniz and O'Guinn, 2001, p. 412). Consumer identification both with the brand and the community constitutes a fundamental characteristic of brand communities (Marzocchi et al., 2013). Thus, identification is considered to be a crucial driver of both the success of brand communities and their positive effects on a variety of brand objectives, including customer satisfaction, brand loyalty, feedback and product innovation (e.g., Algesheimer et al., 2005; Bagozzi and Dholakia, 2006). Surprisingly, in spite of this significant influence on consumer's relationships with companies, an integration of brand community research and relationship marketing is still missing, although this could help to address a number of important questions on both concepts and their key relationship drivers (customer satisfaction, identification).

In particular, we identified three key research gaps. First, brand communities demonstrate that consumers may simultaneously identify both with the brand and its users (Marzocchi et al., 2013). However, existing relationship marketing studies on identification are limited to one single target of identification (e.g., brand, company) (e.g., Haumann et al., 2014; Homburg et al., 2009). Therefore, they do not account for the complexity of consumer-brand relationships which regularly implicates the relevance of multiple targets of identification including the company, the brand, and other consumers (Ambler et al., 2002). Consequently, the dyadic perspective of relationship marketing, which focuses on the relational exchange between a focal firm and a customer (Morgan and Hunt, 1994), should be broadened to enable

companies and brand owners to consider the interrelationships among different relevant actors, groups or organisations in their marketing efforts.

Second, the relationship between identification and satisfaction has been neglected in previous publications which either do not discuss the relationship between both constructs (Homburg et al., 2009), leave behind an ambiguous picture (Arnett et al., 2003; McAlexander et al., 2003), or particularly focus on the positive effects of identification as an alternative to customer satisfaction (e.g., Boenigk and Helmig, 2013; Kuenzel and Halliday, 2008; Homburg et al., 2009). A stronger integration of relationship marketing and brand management research, where not only customer satisfaction, but also consumer-brand identification are well-established drivers of relationships (Stokburger-Sauer et al., 2012; He et al., 2012), could help in a joint analysis of identification and satisfaction and provide managers with a more comprehensive picture of the interdependencies among the two core relationship drivers.

Third, existing research does not, as of yet, offer satisfactory insights into when and why either identification or satisfaction are especially important for key relationship outcomes. In particular, there is a lack of knowledge on the relative importance of each of both constructs for marketing outcomes such as customer loyalty (i.e. retaining customers) and positive Word-of-Mouth (WOM) behaviour (i.e. gaining new customers). Again, studies that simultaneously analyse more than one target of identification could provide a better picture of the specific relevance of both satisfaction and identification as drivers of relationships. These insights would help companies to create effective marketing strategies which are appropriate for a particular company, brand or organization and their respective relationship marketing goals.

The goal of the current study is to fill these research gaps by studying identification and customer satisfaction within brand communities, i.e. a research context in which the relevance of multiple targets of identification is readily apparent. In so doing, we aim for important managerial insights into the effectiveness of identification, satisfaction and brand communities, which could help business practice to effectively shape their marketing strategy and employ brand communities. Therefore, this study particularly addresses the following research questions:

1. How is consumer identification with the brand (and the brand community) related to customer satisfaction with the brand (and the brand community) and what are the effects of these constructs on loyalty as well as on positive WOM towards brands and brand communities?
2. Does the relative importance of identification and of customer satisfaction as relationship drivers differ with regard to the target of identification (brand vs. brand community)?
3. Does a brand community (equally) contribute to brand loyalty and brand-related WOM?

2. Conceptual framework

In our research framework, we include customer satisfaction and consumer-brand identification as core relationship drivers as well as customer loyalty and positive WOM behaviour as the core relationship outcomes. In doing so, we account for the increasing relevance of both the concept of identification and of brands in relationship marketing. Consequently, we integrate the fields of relationship marketing and brand management. This combination of research streams seems to be particularly worthwhile as both relationship marketing and branding activities have the similar objective of building intangible customer assets (Palmatier, 2008). Brands are thereby considered to be successful relationship facilitators (Veloutsou, 2009). They have become a central key to successful relationship marketing, as they facilitate long-term, affect-laden relationships with consumers (Fournier, 1998). Brands provide the consumers with symbolic meanings which enable

them to develop their sense of self, to construct their (personal and social) identities, and to achieve self-representation goals (Schau and Gilly, 2003). Such identification processes are clearly apparent and especially significant in brand communities, i.e. communities which are built around a specific brand (e.g., Muniz and O'Guinn, 2001; Algesheimer et al., 2005; Jung et al., 2014). High levels of identification are an essential part and a fundamental characteristic of brand communities, whereby it was shown that individuals particularly identify with the brand or the community as a target (Algesheimer et al., 2005). Both identification with the brand and identification with the community have been proven to determine the psychological sense of the community (Carlson et al., 2008). Marzocchi et al. (2013) further demonstrate that both targets of identification are statistically distinct.

Due to this multiplicity of identification, this study proposes a conceptual framework for the analysis of customer retention and new customer acquisition in and through brand communities that clearly differentiates between two different targets of identification. First, the brand community, i.e. the other community members, represents a separate target of identification. Second, the brand itself can serve as the focal point of an individual's identification. Following this proposition, we relate all constructs of interest in our research including identification, customer satisfaction, customer loyalty and positive WOM to each of these targets of identification (brand community, brand). Moreover, it is assumed that assumptions on the relationships between constructs of interest are not limited to dependent variables related to the same target of identification (Thoits, 1983). Rather a construct may also influence subsequent constructs related to other targets of identification, whereby it can be assumed that the strength of these effects between different targets of identification depends on the strength of perceived overlap between both targets of identification. In this research context, the brand and the corresponding brand community are considered as closely related and therefore interrelationships between both targets of identification can be assumed. As a result, the derived hypotheses also apply to relationships between constructs of the different targets of identification. For instance, consumers highly identified with the community are more loyal to both the community and the brand or the company.

In line with both the theory-based discrimination between consumer-community identification and consumer-brand identification outlined in the previous chapter and empirical publications which consider both constructs as independent constructs (Marzocchi et al., 2013; Popp et al., 2016), we do not assume a relationship between identification with the community and identification with the brand. Moreover, we stick to the view that satisfaction is always the result of a comparison of consumers' expectations and the actual performance of a particular actor (Oliver, 1980). Customer satisfaction with a brand or with a community therefore may only occur from activities and transactions of a particular target of identification, but not from other targets of identification or an inter-relationship among the customer satisfaction with the community and customer satisfaction with the brand. Fig. 1 shows the conceptual framework resulting from this approach.

2.1. Core relationship outcomes

2.1.1. Customer loyalty

Loyalty signals the customer's motivation to enhancte an ongoing relationship (Palmatier et al., 2006). In particular, we adapt Oliver's (1980, p. 34) widely-accepted definition and define loyalty towards a target of identification as a deeply held intent to rebuy or re-patronize a preferred target of identification in the future. Unlike many previous studies, this study includes two loyalty constructs where each of them captures the individual's loyalty towards one of both relevant targets of identification (brand community, brand). Hence, it represents a relationship outcome which focusses on retaining customers (or community members), and thus a strategy which is considered to be less expensive than acquiring new customers (Zeithaml et al., 1996).