

# THE VALUE OF LOYALTY: UNDERSTANDING BRAND LOYALTY FROM A CONSUMER POINT OF VIEW

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## **ABSTRACT**

*The development of brand loyalty plays an important factor in the development of marketing strategies due to the pivotal role that felt consumer loyalty holds in determining market success. From an analysis of the attitudinal, cognitive and behavioral dimension, determinants such as risk, quality and perceived price are recognized during the process of selection and purchase of consumer brands. The purpose of this article is to understand the role of consumer loyalty in relation to the purchase and consumption of brands within the modern channel through a review of the literature, in order to generate a reflective framework at the level of the retail sector.*

## **KEYWORDS**

*Brand loyalty, consumer behavior, branding, marketing, purchase decision-making, strategy, sales.*

## **1. INTRODUCTION**

Today, companies are more concerned with retaining their customers than ever before! Turning customers into repeat, loyal buyers has become a key competitive strategy for firms of all sizes and types - one even more important on the priority scale than attracting new prospects and customers. This is squarely because it has been proven time and time again that it is far easier and cheaper to sell to current customers than to acquire new consumers (Cobo & González, 2007). As a result, the current, hypercompetitive marketplace for consumer products is characterized by having an ever-increasing number of product offerings, forcing companies to create differentiation for their brands in order to attract the loyalty of their buyers.

In this sense, studying the behavior of the consumer implies a set of efforts related to the selection, purchase and evaluation of a particular good or service (Mollà Descals, Berenguer Contrí, Gómez Borja, & Quintanilla Pardo, 2014). Based on this, studying the consumer in terms of brand loyalty has been of great interest, since it provides value in light of the exchange process and the effectiveness of marketing strategies.

In line with the above, we must consider some variables involved in the consumer's brand loyalty; on the one hand there is the perceived risk, this being understood as the subjective appreciation the consumer makes to the negative results of a wrong choice (Jiménez, San Martín, & Susano,

2012; Chia-Wu, Kai-Yu, Shu-Hao & Jin-An, 2019). Different types of risk affect the decision and choice of purchase, such as financial, social, physical, temporary, functional and psychological (Almoussa, 2011). On the other hand, other variables considered are associated with the image of the establishment, this being a relevant factor because to a certain extent the establishment is the first contact where loyalty is created (Bellenger, Steinberg, & Stanton, 1976). Accordingly, if the retailer's image is favorable and the brand is offered within that establishment, the consumer is much more likely to make a repurchase.

In addition to the variables involved in creating brand loyalty, Jacoby & Kyner (1973) propose three dimensions of study on the subject: 1) behavioral loyalty, which implies the repurchase of a particular product/brand; 2) attitudinal loyalty, mediated by emotions and beliefs; and 3) cognitive loyalty, associated with the regulation of consumer attention, recall and processing processes during the purchase and consumption process. Based on these dimensions, the consumption of brands in the modern channel is supported. This would be similar to the notion that all product brands manufactured by a certain firm, or even distributed by a specific distributor, that are offered to the consumer under the name or brand property of the distributor or retailer, benefit from consumer loyalty to those who project them to the market (Puelles & Puelles, 2003)

## **1. BRAND LOYALTY FROM THE CONSUMER'S POINT OF VIEW**

Brand loyalty has become an important subject since it is a factor that allows the construction of links between companies and consumers, in order to guarantee competitiveness at a high level (Setó Parmés, 2003). Loyalty is considered as a sequential process that expresses the preferences of the consumer for a particular brand, which includes the cognitive, affective and cognitive phases within the traditional scheme of purchase decision that includes different segments of customers according to the continuity with which a determined brand is purchased (Jacoby & Chestnut, 1978).

Based on the above, brand loyalty is associated with satisfaction, understood to be a unidimensional variable connected with emotional, motivational and gratification aspects, while loyalty is considered a multidimensional variable affected by the same satisfaction (Segado, Alonso, & Rocha, 2016; Coelho, Rita, Raposo Santos, 2018). This in cognitive terms means that if there is no satisfaction on the part of the consumer, loyalty will probably not be generated or it will be produced to a lesser extent, sustained through the repetition of the purchase. According to Colmenares & Saavedra (2007) different levels of loyalty to brands are identified as: non-existent, feigned, latent and true loyalty (see Table 1).

**Table 1:** Level of Loyalty

Repurchase	Commitment	
	Low	High
Low	<p>No Loyalty</p> <ul style="list-style-type: none"> <li>• Low loyalty</li> <li>• Uncommitted Client</li> <li>• Customer not interested in any particular brand</li> </ul>	<p>Latent Loyalty</p> <ul style="list-style-type: none"> <li>• Consumers engaged</li> <li>• Does not have a strong attitude towards a particular brand</li> <li>• They do not buy or consume with high preference their own brand</li> </ul>
High	<p>Insincere Loyalty</p> <ul style="list-style-type: none"> <li>• Relationship more than voluntary dependence between the consumer and the brand.</li> <li>• The consumer does not always have the resources both in money and in time.</li> <li>• Consumers are forced to make the purchase or are forced to be loyal.</li> </ul>	<p>True Loyalty</p> <ul style="list-style-type: none"> <li>• Purpose, intention and motivation of the consumer against the purchase of the own brand.</li> <li>• The consumer feels highly committed to buying the same brand.</li> <li>• The consumer is strongly influenced by the affective ties, the confidence and satisfaction towards the own brand and its offer.</li> </ul>

Source: Colmenares & Saavedra (2007)

## 2. TYPES OF LOYALTY OF OWN BRANDS

### 2.1 Cognitive Loyalty

From the cognitive approach, loyalty is understood as the attention and concentration that a person lends to the process of purchase and consumption (Duque Oliva & Ramírez Angulo, 2014), from which the consumer must make a favorable assessment of the attributes of the brand and the identifiers as price and characteristics compared to those of the competition (Moliner, Callarisa, & Rodríguez, 2007). In this specific case, the loyalty base is based on a valuation that is aware of the benefits related to the purchase repetition that cause the consumer to consider its supplier as unique or exclusive (Moliner, Gil, & Ruiz, 2009). According to Bustos & González (2006), if a brand offers very good prices the consumer will create a cognitive loyalty because it is clearly motivated by functional characteristics since the main commitment of the consumer is related to the costs and benefits, which will produce a frequent purchase.

## 2.2 Attitudinal Loyalty

In line with the above, attitudinal loyalty is based on behavioral theories and serve as the basis from which all the affective, cognitive and conative elements are integrated (Oliver, 1999). This describes the approach as a concept based on beliefs and pleasant feelings that drive the consumer to make a repurchase, in addition to generating strong emotional bonds that motivate the consumer to generate a preference for a certain brand (Keller, Conceptualizing, Measuring, and Managing Customer-Based Brand Equity, 1993). In this respect, the attitude allows the construction of positive feelings towards the brand, which allows the consumer to generate a strong level of commitment, thanks to several factors that allow him to create an emotional balance (Yang & Peterson, 2004). By understanding loyalty in attitudinal terms, the consumer processes the information that comes from the stimuli of the medium (advertising, merchandising, POP material, voice to voice, etc), generating links with the brand facilitating the repurchase of the brand (Tabón & Pérez Acosta, 2016; Naser, Lara & Vipul, 2019) or encouraging others to buy their preferred brand (Odin, Odin, & Valette-Florence, 2001).

## 2.3 Behavioral Loyalty

The behavioral approach assumes that brand loyalty is created when someone rates a purchase as good from their own experience, ensuring the likelihood of a repurchase. In this sense, the likelihood of a repurchase increases and is adjusted to the frequency and purchasing power of the satisfied customer, that is, the more systematic the response, the more loyal the person is considered (Gómez, Martínez, Recio, & López, 2013). In addition to this, Oliver (1999) proffers that loyalty is obtained by a process that contains four stages in which behavioral loyalty is expressed as the action of buying a particular product, preceded by important phases such as cognitive, affective and conative that support attitudes as a psychological function and that strengthen the decision of purchase by the consumer. According to Gómez, Martínez, Recio & López (2013) behavioral loyalty represents the last instance from which the consumer makes the decision to buy or not a particular brand, determined by aspects associated with perceived risk, price and the quality of the product (see figure 1).

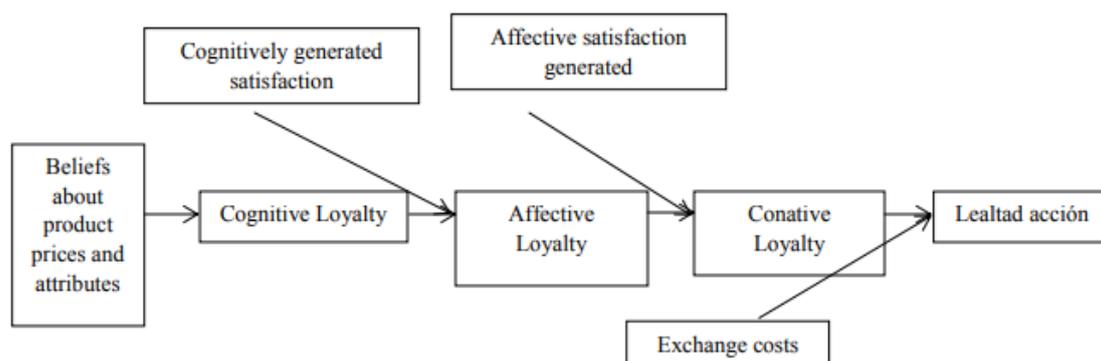


Figure 1: Oliver Model of Loyalty (1999)

Source: Moliner, Callarisa, & Rodríguez (2007), base in Oliver (1999)

It is important to emphasize that, based on the previous model, loyalty to brands is closely linked to the consumer's perception of quality and the type of experience that the consumer develops in

the construction of satisfactory links (Apostolos & Pinelopi, 2018)); based on this the link between price and quality is very important.

### 3. OWN BRANDS IN THE MODERN CHANNEL

Own or store brands were created as a competitive strategy on the part of retailers and distributors as a substitute competitor to commercial (national) brands, therefore it is natural that they occupy dominant positions in store gondolas and shelves and they have greater privileges in the exhibition, since they produce higher sales and income for establishments (Silva, 2011). In countries with economic difficulties or large economic gaps it has been identified that own brands have been oriented with a very significant growth (Cabrejos, 2004). In this regard, own brands determine their positioning based on the stratification given by attributes such as price and quality, which has allowed dealers to play with the position they occupy in the gondola. In this sense according to Payan Rodriguez (2013) there are generic, imitations, premium and innovative value brands in the market (see Table 2).

**Table 2:** Characteristics of Own Brands According To Their Classification

	Generic brand names	Imitation Brands	Premium Own Brands	Brands with innovative value
Quality for a leading brand	Low quality	Quality close to that of manufacturers' products	Quality equal or better, is promoted as best	Functional quality at the same time as the leading brand but the value added is removed
Product performance	None	Designs similar to those of the products manufacturers	Considerable effort to develop better products with similar or better technology	Considerable effort and innovation in terms of cost-benefit analysis
Packaging	Cheap and Minimal	As close to the leading brand as possible	Unique and is a source of differentiation	Unique but cost-effective
Location of shelves	Poor location, less visible shelves	Adjacent to the leading brand	Striking positions	Normal as in the whole store
Advertising / Promotion	None	Frequent price promotions	Featured in advertising but limited in promotions	Do not have promotional advertising as a brand
Consumer proposal	Sell the most	Sell with the same quality but	Sell the best products on the	Sell as the most profitable product

	inexpensive product	at a lower price	market	but with quality objectives regarding the leading brands
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Source: Payán Rodríguez (2013)

#### 4. CONCLUSION

Consumer brand loyalty is developed from several product and store attributes and the interaction of product and store characteristics. In addition, when the consumer manages to create a link or acceptance to the establishment, the loyalty process is built and sustained: justified on the basis of price and quality, which mediate the action of selecting a particular brand, based on knowledge and attitude towards the brand which favors the construction of positive sentimental bonds by the consumer, resulting in repurchase as part of the habits of the consumer.

Usually, a purchase intention can be impacted by the education of the consumer into a brand's value and ability to satisfy customer needs. Knowledge can and does reduce risk in the purchase process. It is realized that the balance between price and quality is fundamental in customer choice and results in the habit of purchasing and repurchasing a product – which serves as a basis for brand loyalty.

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