# Few Considerations On Brand Loyalty and Equity

Silvia Muhcina
*Faculty of Economic Science, Ovidius University of Constanta*
muhcina@gmail.com
Veronica Popovici
*Faculty of Economic Science, Ovidius University of Constanta*
verovnp@yahoo.com

## Abstract

*Considered as one of the most pregnant way to identify a product, a service or an organization, through specific communication means, the brand has an important role in the process of personalizing and sustaining the image of products, services or organizations.*

*The brand is the essence of products and services and the key to express the market success. A powerful brand has a strong position in the consumers' minds and can be considered a key point between the consumers' first preference and choice (when they decide to buy a product) and the high and constant level of quality of that product.*

*What is more, this connection can be created by fulfilling the company's promises that the offer's level of quality will be maintained and even increased over a long period of time.*

*The success of a brand is assured by maintaining the consumers' loyalty, and the consumers' trust and loyalty will increase the brand equity.*

*The aim of this paper is to present a few theoretical aspects concerning the concepts of brand loyalty and equity.*

**Key words:** marketing, brands, image, loyalty, equity
**J.E.L. classification:** M31

## 1. Introduction

The key for a successful brand story is linked to a proper management process of creating, maintaining and increasing the brand's image in the consumers' mind. For some brand specialists, marketing is branding and the essence of a marketing process is building a brand in buyers' mind (Ries *et al*, 2003, pp. 8,11).

To gain value, a brand must not only be successfully launched on the target market, but must also maintain the same identity and image in the consumers' mind.

It is not enough for marketers to build a brand, but it is also more difficult to maintain the customers' loyalty for that brand. For any economic organization the challenge is keeping its consumers' fidelity, despite all competitors' promises for better offers.

The companies where the management designs a clear frame and direction for strategic and operational brand decisions can dominate the competition and can occupy a significant market share.

## 2. Product, brand, image

Each great brand is a promise that is done by an enterprise for its clients. Every product that is sold is expressed by its brand and the image of the product is the image of the brand. Products gain identity through their brands and the brands sell products. Along with a product, consumers buy the brand under which that product is offered. The brand is the tool that often sells the product, gives identity to the product, and, in the same time, expresses this identity; the brand name will suggest the image of the product (Popescu, 2003, p. 162).

In the marketing specialists' opinion, a brand is a name, a sign, a symbol, a drawing or any combination of these elements, and helps to identify the offer of an organization, in order to be differentiated from the competitors' offer (Balaure *et al*, 1994, p. 102).

A brand carries out several functions: ownership of products or organizations, identifying the products, recognizing and differentiating products, certifying the products' or services' quality, certifying the products' source etc. (Balaure *et al*, 2002, pp. 102-103).

Some marketing specialists consider that "…a brand can be represented as a network of thoughts or associations in consumer memory" (Tybout *et al*, 2010, p. 115).

A successful brand building program must be elaborated on the principles of differentiation and singularity of this brand (Ries *et al*, 2003, p. 14). A brand must be perceived in the consumers' mind as unique, which means that this product is not alike to any other products from the market.

The distinctiveness is a very important key to make a brand different from other competitive brands.

## 3. Brand loyalty

People are attached not only to different people, but also to different things. We buy food, clothes, cars or devices because we like them, or we consider them better than the others, or our friends or relatives recommend these objects. But, in essence, what makes us buy and use, in a repeated way, these things? What intimate mechanism creates the desire to have a certain thing or gives us the impulse to buy a certain brand, from a large group of brands?

Or, more than that, what is the reason for buying the same brand of product or service, even while knowing that there are similar products and services, from the point of view of their quality?

There are opinions that consider the idea that, in a metaphoric way, our brain mostly chooses brands by following an algorithm. This algorithm cannot be influenced by the marketers, but can be used to structure and concentrate their branding efforts in such a way that allows to maximize the chance to choose their brand (Walvis, 2010, pp. 10-11).

Specialists consider that brand loyalty is "…the strength of preference for a brand, compared to competing brands, sometimes measured in repeat purchases" (Neumeier, 2006, p. 162).

It is very difficult to measure or to indicate the consumers' loyalty for a brand.

In other marketing specialists' opinion, the brand loyalty reflects the probability that a buyer chooses another brand, especially when its price or some of its tangible attributes are modified, and strongly relies on the evolution of product sales and benefits. Based on the same opinion, there are several ways to measure the consumers' loyalty (Cătoiu *et al*, 2004, pp. 147,149-150): by taking into consideration the configuration of the buying process (re-buying ratio, the acquisitions' percentage, the number of bought brands), by analyzing the cost generated by switching the brands, by measuring the customers' satisfaction or nonsatisfaction generated by a brand, by considering the customers' preference (affection) for a brand.

In the opinion of marketing specialist Philip Kotler, a strong brand is, in fact, a group of loyal buyers, and it is very important for marketers to take into consideration, in their planning process, how to increase the buyers' loyalty over a long period of time (Kotler, 1997, p. 561).

## 4. Brand equity

As one of the most valuable assets of a company, the brand has the mission to gain consumers, under the condition that the brand respects its promises. Philip Kotler considers that the distinguished sign of a remarkable brand is how much loyalty can be acquired by that brand (Kotler, 2004, p. 109). In the same paper, he underlines the idea that the brand is a contract between the firm and the client that refers to the way that brand can fulfill its obligations.

A brand's value can be approached based on consumers' perception of a brand (what is in the consumer's mind), or in a financial way (based on the costs with brand creation or developing costs).

A brand is valuable when it can be associated with scenes of our life, with our professional or social activities, when it can express who we are, or what kind of life we have. When all these associations are present in the consumers' minds, one can talk about brand equity.

David Aaker developed in the early ‘90s a conceptual model that defines brand equity and describes how it generates value (Aaker, 2016). In concordance with his opinion, the brand equity is a set of brand assets and liabilities linked to a brand name or symbol, that can add or can subtract from the value provided by a product or service, and that has four dimensions: brand loyalty, brand awareness, brand associations, and perceived quality, to which other proprietary brand assets were added (trademark, patents etc.).

The concept of brand equity is more and more present in managers’ preoccupations, because a most marketing specialists consider that the most significant marketing battle is actually linked to the battle of the brands.

In the marketing specialists’ opinion, consumers’ behavior is strongly attached to brand equity, and, although the assets and the liabilities that are defining a brand equity may differ from a situation to another, in general, each component of the brand equity has an important impact on the buyers’ behavior, in the following way (Cătoiu *et al*, 2004, pp. 146-162): 1) the brand loyalty is created after a product is bought and the consumer has gained some experience in using it. The brand loyalty can be approached in a behavioral manner (the customers’ tendency to buy a brand in a repeated and regular way), and in a cognitive manner (from the perspective of customer attitude for a brand’s acquisition); 2) the brand awareness is the ability of a potential buyer to recognize or to remember a brand from a category of products. Like in a pyramid, on the first level there are brands that cannot be recognized by the buyers, and, on the highest level, there are brands that are firstly mentioned in an unsuggested recall test; 3) the perceived quality is the buyer’s perception considering the global quality or the superiority of a product or service compared to its expectations and the competitors’ offers; 4) the brand associations are represented by all the connections that exist in the customer’s mind, linked to a certain brand, associations that can have different levels of intensity and that can generate the buying reasons; 5) other proprietary brand assets, such as trademark, patents, the distribution channels’ relationships etc., that are very important because they can be controlled by a brand, due to its previous performances.

All these elements are strongly related with the buyers’ behavior, because they help the buyers to interpret, to process and to store a lot of information about products, services or brands, and through the experience obtained in time, can increase or decrease the consumers’ trust and satisfaction.

A famous brand, strongly anchored in consumers’ mind by a favorable experience along the time, can survive even in difficult moments of time, caused by different reasons (economic crises, technological problems, inadequate strategic management etc.). For example, in 2016, January-March period, the Volkswagen’ s sales were increased with 0.8% (up to 2,5 million of units), compared to the same period last year, even though the company is experiencing one of the most difficult crisis in its history (Știri-digi24, 2016). This means that, even with the troubles caused by using an environmental inadequate technology, the people’s trust in the Volkswagen brand quality is still strong.

In time, from one case to another, the importance of each component of the brand equity model can be different.

As a result of their presence or intensity, some brands can become powerful while other brands can become weak. For example, in the 2015 edition of the Superbrands study conducted by BDR Associates, concerning the Superbrands in Romania (BDR being the company that has conducted the Superbrands study in Romania for 10 years), the researchers considered that, from the elements that help a brand develop into a Superbrand (a more powerful brand than the others, that can have the ability to provide strong emotional and functional benefits for people), the first element is the quality (Sebesi, 2016, pp. 8-13). The other relevant dimensions for the research were the reliability (the brand’ s capability to always keep its promises in a consistent way), and the distinctiveness. Taking into consideration the Romanian cultural, social and economic specific context, the results of the study show that there are three important dimensions that define a Superbrand on the local market, and these are: leadership, trust and dynamism. A leadership brand is easily recognized, and stands out from the rest of the brands through both emotional and functional aspects. Trust refers to the idea of assuring that the products and services are constantly delivered at a high quality level, concordant with the promises stated. Dynamism is strongly associated with the idea of constantly innovating products, or certain material and immaterial elements of products.

From a financial perspective, the brand is an intangible asset, that generates value for companies. There are several brand ranking companies such as: Interbrand, MillwardBrown and European Brand Institute, that develops their own brand valuation methods.

## 5. Conclusions

The brand is one of the most important assets from any organization.

A strong brand can represent the key element for a market-leading position, and when it is built within a strategic, well-founded process, it can allow the achievement and maintenance of a successful business, over a long period of time.

The majority of the powerful, market-leading companies do not necessarily sell products or services, but instead they actually sell brands that represent well known images among the vast majority of consumers. Through an appropriate policy in the brand area, the companies that act on the market can achieve advantageous positions and can dominate the competition, by gaining the consumers' trust and loyalty.

Although a consensus regarding the processes and actions that can attract or assure the consumers' loyalty towards a brand has not been agreed upon yet, in the marketing literature there is the idea that the brand fidelity is strongly linked to the consumer's fondness to that certain brand, and to the act of repeatedly and relatively constantly buying that certain brand, against the products or services offered by the competition.

Brand loyalty is strongly linked to the sales trend of a product and is an important component of brand equity.

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