Product and Brand Management
Professor Vinay Sharma
Department of Management Studies
Indian Institute of Technology, Roorkee
Lecture 56
Brand Experience & Brand Loyalty

Welcome back friends, after an interesting discussion on extension, and if you remember, I ended at the note of logic associated with extension, and I suggested that it is natural and strategic in orientation. Now, let me take you to a very interesting concept, which is again very natural, because once you are associated with a brand as a customer, you would experience the brand and you would have loyalty towards the brand.

Let us see that to experience the brand, should you be actually experiencing it physically always? and to be loyal to the brand should you be a very regular user of the brand always? Is it important and necessary? Think about it. By the end, we will reach a stage wherein we would realize that loyalty is a trait, is a character; it gets developed in due course of time.

There is a mutuality associated with loyalty, it is associated with commitment, it is associated with faith many times, and it is a wonderful kind of a thing, let us see what comes up. So, brand experience is related to three large elements.

(Refer Slide Time: 02:15)

One is product experience, then shopping and service experience, and then consumption experience. Let us see what these three elements say. So, product experience occurs, when consumers interact with products, for example, when consumers search for products and examine and evaluate them. So, it is associated with need and usage and we have talked about this.

Shopping in service experience occurs when a consumer interacts with a store's physical environment, its personnel, and its policies and practices. So, you go there, you have an experience, many times you might not be purchasing it at all. Again, you would be having an experience in terms of brand experience, you go to car showrooms many times and you always do not buy a car that is for sure.

You go to book stalls and book showrooms and bookshops, you go there, you flip up the pages, you keep reading those, and then you come back, it is not necessarily that you buy it always, that is precisely what I am trying to say. And similar kind of an element you would experience in terms of loyalty. We speak this word loyalty many times in our lives because we crave for this, we like this, we want this. Brands also want that, and brands gain that, let us see how.

Before that, let's talk about the consumption experience. So, it occurs when consumers consume and use products. Consumption experiences are multi-dimensional, and include hedonic dimensions such as feelings, fantasies, fun kind of emotions and many others. So, you get associated with the product with the brand while using it, kind of feeling happy while drinking a soft drink.

When you have your favorite stuffed toy in front of you. You feel reassured with the presence. You feel happy when you have your favorite timepiece in front of you, the clock you like, and you feel comfortable when you come out of the house wearing your favorite watch as well.

So, you cannot just go away without your eyeglasses, which is one of the most important part of your life. Basically, you have to have those with you. You know sometimes when we break eyeglasses, all the technology has enabled so many things in terms of unbreakable eyeglasses. So, remember that time when you just cannot do away with that.

So, now let us take an example first. Then I will be deciphering many elements, which I am referring to right now. Now, let us take the case of Netflix. Netflix has gained a huge brand power, it has also become the part of lives of several viewers and a commendable kind of an effort.

The Netflix company says that we want to entertain the world. (How is that for ambition?) So, Netflix has made a substantial rise in creating a brand experience with its customers where they went from watching Netflix, to relaxing, chilling with Netflix, basically entertaining themselves having an experience. And that is what I was talking about when I initiated the discussion on experience. Netflix asked their customer base, what one thing would you like to know more about before signing up for Netflix.

I told you, when I was referring to brand extension, that brand managers have been longitudinally going for an understanding about their brand strength through brand research, while getting deeply associated with the hearts of customers. That is what they tried to do. So, what one thing would you like to know more about before signing up for Netflix? The most popular answer was "knowing all of the movies and TV shows available", a very simple answer, but a huge task.

You know telling your customers about every movie and TV show is not a joke actually, now, the screen has limitations. So, there has to be a surfing element also, then you have to imagine that you want to fulfill the desire of your customer. The question is, would it be comfortable for the customer to, when the desire gets fulfilled, because you give them so much to serve?

So, would they be doing that ultimately, they have expressed a desire, but then it is you who have to rationalize, as far as fulfillment of that desire goes. Here we are talking of branding. Let us see what happens.

(Refer Slide Time: 07:54)

Now, in response, Netflix experimented with showing customers available content on the homepage. Their experiment revealed something interesting. Showing customers too much of the content was distracting, that is precisely the point. You are fulfilling that desire but there has to be a rational context to it. So, many of them browse, but never signed up. You responded to whatever they wanted but they were still not signing up.

So, there is another learning which Netflix got and they redesigned their experiment, designers still used the reciprocity principle, which they were following, but this time, they used an image that hinted at an extensive catalog. So, they did catalog and indexing. They started doing prompts wherein their AI tracks the habits of their viewers and on the basis of the history, they come up with the solutions. It is very interesting, and if you are a Netflix user, you would understand this.

So, they did not let customers browse the whole thing. Giving people a sneak peek, but not the total view, made customers more likely to sign up for a free streaming trial. Now that is interesting, at many times when serving Netflix, you would realize that you just take the cursor somewhere or just pull it down and a clipping comes in and shows what is uploaded.

(Refer Slide Time: 09:41)

Netflix keeps their customers engaged by providing personalized content by knowing the previously played history of the customer. Their experience forces the customers to watch trailers that autoplay when one dwells on the title. The benefits of the idleness aversion have clearly outweighed the costs for Netflix, that means, somehow it is working when customers search from one to the other and then reaches to a point where it sticks to it.

There are several other features as far as Netflix goes, we all know that. Netflix knows how to create a buzz: (refer to how Netflix India created buzz around Kota factories season 2 launch by leveraging Jeetu Bhaiya's fanbase). It was a successful series. Definitely it connects to so many people in so many aspirants around our country, who aspire to join good institutions for their higher education. It is a real life connect kind of thing, as I have been told but I have yet to watch the series.

Then there is an element of how to conceptualize brand experience and that is where I am taking you towards that connection between our initial discussion and the example and now, the aspects associated with that.

(Refer Slide Time: 11:18)

So, brand experience can be conceptualized as subjective, internal consumer responses, that is sensations, feelings, and cognitions and behavioral responses evoked by brand related stimuli, those clippings. Basically, Netflix shows you that can be associated with this kind of a stimuli perspective. There are several other things as well.

Now, stimuli that are a part of brands; design, identity, packaging, communications and environments as well. So, a brand's identity is packaging, communication and environment. Brand experience is also related, but conceptually distinct from other brand constructs. In particular, brand experience differs from evaluative effective and associative constructs, such as brand attitudes, brand involvement, brand attachment, customer delight and brand personality. You would realize that experience is a composite kind of thing, it encompasses it all. For experiencing a brand you have to have involvement, behavioral perspective, attitude and delight many times, not necessarily always, and you have to have a personality related connect also. Let us see how? Now, differences between brand experience and other brand constructs, in terms of attitude for example.

(Refer Slide Time: 13:08)

Differences between Brand Experience and other Brand Constructs

- **Attitudes** are general evaluations based on beliefs or automatic affective reactions (e.g., "I like the brand").
- In contrast, **brand experiences** include specific sensations, feelings, cognitions, and behavioral responses triggered by specific brand-related stimuli.
- For example, experiences may include specific feelings, not just an overall "liking."
- However, the overall attitude toward the experience captures only a small part of the entire brand experience.

Source: Brakus, J. J., Schmitt, B. H., & Zarantonello, L. (2009). Brand Experience: What is It? How is it Measured? Does it Affect Loyalty? Journal of Marketing, 73(3), 52–68.

IIT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 8

Differences between Brand Experience and other Brand Constructs

- Brand experience also differs from motivational and affective concepts, such as **involvement**, brand **attachment**, and customer **delight**.
- **Involvement** is based on needs, values, and interests that motivate a consumer toward an object (e.g., a brand).
- Brand experience does not presume a motivational state. Experiences can happen when consumers do not show interest in or have a personal connection with the brand. Moreover, brands that consumers are highly involved with are not necessarily brands that evoke the strongest experiences.

Source: Brakus, J. J., Schmitt, B. H., & Zarantonello, L. (2009). Brand Experience: What is It? How is it Measured? Does it Affect Loyalty? Journal of Marketing, 73(3), 52–68.

IIT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE | 9

So, attitudes are generally evaluations based on beliefs or automatic effective reactions. For example, 'I like this brand' and you do that, we have talked about attitude earlier as well. In contrast, the difference here is that brand experiences include specific sensations, feelings, cognitions and behavioral responses triggered by specific brand related stimuli. So, that is fair, brand experience is more specific, it is categorical, for example, experiences may include specific feelings not just an overall liking.

However, the overall attitude towards the experience captures only a small part of the entire brand experience. Brand experience also has a difference in terms of motivational and effective concepts, such as involvement, brand attachment, and customer delight. How? Let us see. Now involvement, to briefly define it for you, is based on needs, values and interests that motivate a customer towards an object you get involved with a product or a brand here.

Now, brand experience does not presume a motivational state. Experiences can happen when consumers do not show interest in or have a personal connection all together. So, you need not to be involved with the brand to get an experience of the brand. Moreover, brands in which consumers are highly involved with, are not necessarily brands that evoke the strongest experiences.

For example, do you remember the name of the eraser you have been using often, many times you would many times you would not. So, if I asked you to purchase an eraser right now, you would go and purchase the eraser probably by name. It is a general parity, it is an example, you can have different descriptions associated with these kinds of things.

(Refer Slide Time: 15:26)

Further, in contrast to brand attachment, brand experiences are not an emotional relationship concept. Over time, brand experiences may result in emotional bonds, but emotions are only one internal outcome of the situation that evokes experiences. Customer delight results from disconfirming, surprising consumption. In contrast to customer delight, brand experiences do not

occur only after consumption, they occur whenever there is a direct or indirect interaction with the brand. Moreover, a brand experience does not need to be surprising, it can be both expected or unexpected.

The point here is that these elements which we are referring to, are not the necessary conditions for brand experience, they may be supportive of brand experience, but not necessarily have to be present for an experience associated with the brand. This can be confirmed through several kinds of examples, which we have been talking of in due course of time. I deciphered the broader outlay of brand experience in terms of customer experience or in terms of physical product and so on.

(Refer Slide Time: 17:00)

Now, brand experience is distinct from brand association as well. One of the most studied constructs of brand associations is brand personality. Brand personality is based on inferential processes, i.e., consumers are not sincere or excited about the brand; they merely project these traits onto brands.

In contrast, brand experiences or actual sensations, feelings, cognitions and behavioral responses. You have to have that perspective and kind of connect with the brand. That is where the difference comes in. It is not just the difference in terminology, it is actually the difference in interpretation. It is the difference, which can be marked through observation, through longitudinal studies, through understanding and through living with the brands.

So, that is how you get to know that how experience comes in, which is more composite, it has to surround so many aspects, and on the other side, the specific elements which we have seen, how different they are in terms of brand as far as brand experience goes.

Now, let me take you to loyalty, a very interesting, very desirable thing as far as the brand manager goes. As I was telling you, loyalty in general is associated with so many things. But I have enumerated two-three things for you.

(Refer Slide Time: 18:43)

Commitment, Faith, unconditionally being associated with something or someone and Non-Deniability (that I don't accept, but I do not deny as well). Many a times you say I deny so non-deniability.

I will not be taking you into the whole lot of the psychological aspects of these elements, but loyalty, just briefly can be seen with reference to imagine that with whom you have been loyal. Have you been loyal to your physical fitness, have you been loyal to the health of your teeth, or those kinds of things. So, these are the aspects you have been loyal to. Same can be traversed in terms of brand loyalty as well.

(Refer Slide Time: 19:58)

Brand loyalty is a situation in which a consumer generally buys the same manufacturer originated product or service repeatedly over time rather than buying from multiple suppliers within the category, you stick to something through someone. Now, it is the degree to which a consumer consistently purchases the same brand within a product class. When I say class, we have talked about it, it is related to substitutable products. So, you sometimes feel tempted to go to substitutes, you would have done that, you would have switched over for a while.

Then you would have switched back and you would have stayed with, as far as your own preferred product goes, it happens many a times in case of ice creams, chocolates, sweets,

toothpaste, shaving creams, eraser, pencils, pens, apparels, and even automotives which you tend to use for 15- 20 years repeatedly.

You become loyal to a particular kind of customer, who specifically prefers one kind of automotive, one kind of a brand. Then, there are types of brand loyalty, although it is very generic in character, it is very fundamental, but still for developing a deeper understanding, we find types of loyalty, categorized by several researchers and authors and few of the researchers we have referred to here.

So, one is, Back K. J. and Parks S.C., 2003, a brand loyalty model involving cognitive, affective and conative brand loyalty and customer satisfaction. This is in the Journal of Hospitality and Tourism Research. So, in the research paper we found out, there are several other researchers as well. Just to give you a fundamental feel of that, there are perspectives associated with observing brand loyalty, although, I repeat, it is generic in character, it is associated with Commitment, Faith, and Unconditionality.

Here, one is behavioral brand loyalty, and we are talking of brand loyalty, that is why we have to understand it with different kinds of angles. So, this can be defined as a customer's overt behavior toward a specific brand in terms of repeat purchasing patterns. Specifically, a repeat purchasing pattern can be determined as actual purchase frequency, the proportion of occasions in which a specific brand is purchased as compared to the total number of purchase brands or the actual amount of purchase.

(Refer Slide Time: 22:49)

Then there is Attitudinal brand loyalty. This focuses not only on transactional strategies such as frequent user programs and gifts for repeat customers but also on attitudinal variables such as commitment and trust. As I said, it is difficult to differentiate loyalty in terms of types, but still researchers are there which have done those successfully. So, now, it can further be explained in terms of cognitive components believing a brand to be superior based on its attributes, effective components, pleasure fulfillments based on brand performance, and conative components, emotional attachment and brand specific commitment.

(Refer Slide Time: 23:33)

Then, there is a multi-dimensional aspect to brand loyalty. Brand loyalty is not limited to situations where a behavioral response in terms of buying the brand is necessary to measure brand loyalty. Consumers may be brand loyal, even though they may have never bought the brand on the product.

So, that is interesting, but you can observe it in your own way, by observing your association or loyalty to few of the brands, you would be thinking of those brands, even if you are not thinking in terms of actually going for that. Now, even when brand loyalty is based on repetitive buying behavior, it is believed that the consumer or the buyer may have no evaluative cognitive or attitudinal structure underlying brand loyalty, as the research says.

However, it is often possible to observe emotive tendencies that affect fear, respect, compliance etc. concomitant with the behavioral brand loyalty. There are several textbooks which talk about these aspects, along with the help of my team, I often try to bring in some contemporary researchers published in good journals for you, to give you a composite view of how to look at these aspects. To be a practitioner we must understand how researchers are exemplifying or theorizing on several kinds of elements.

(Refer Slide Time: 25:15)

So, brand loyalty can exist at the non-behavioral level (emotive or evaluative level) for those products or services which same consumers never buy. Brand loyalty needs to be distinguished in the mind of the consumer based upon the specific role he performs with respect to the brand. Different types of brand loyalty is believed to be prevailing for different consumers and for different product classes. In other words, the typology of brand loyalty is a function of product and consumer differences. So, this research has tried to put up this kind of perspective in front of us.

There are leading factors in keeping consumers loyal to brands worldwide, as of February 2022, we have this data from Statista, and it is slightly interesting, that is why I am showing you the slide. Now, here looking at the share of the respondents and looking at the factors, the leading factors, because of which consumers stay loyal to brands.

So, it is interesting, the detailed report can also be found out and the references given on this slide. So, pricing, they say 62 percent, which is large, which is kind of interesting. So, are we a price driven loyal customer kind of group? So, then customer service, which is again a very important element.

The offering in totality 54 percent which is quite logical, convenience of purchase or use, which is very interesting, because, in today's era, convenience has come up to be a very dominant factor, earlier people used to go to places to buy their favorite things, today, they want everything on their doorsteps.
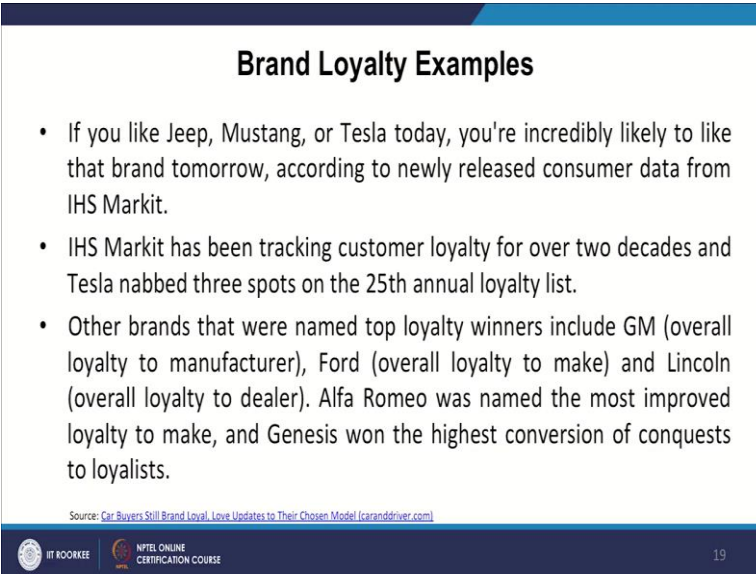
Now, this is a huge technology enabled change, which has come up in terms of developing brand loyalty, and mark this, this section is very important along with the price, as far as this whole scenario goes. Then, brand reputation, it is very obvious, but the percentage is slightly lower, if you compare with the other factors. It is 34 percent.

Then, there is personalization and promotion. And with 27 percent it can be seen with a logical kind of a perspective here. So, see that is an interesting kind of a thing, because as brand

managers, we have to wonder why customer would remain loyal to us, how customer would be kept loyal to us, what can be done, because the kinds of marketing programs we are generating, probably are similarly being generated by other competitors as well, when we are talking of mature and strong competition.

So, similar kinds of approaches are there, they also have intelligent teams, they also have learned teams, they also have so much AI in the database with them. So, there is an element to it. So, many times we have to wonder about the factors. Now, here are some examples.

(Refer Slide Time: 28:48)

If you like Jeep, Mustang, or Tesla today, you are incredibly likely to like that brand tomorrow, according to newly released consumer data from IHS Markit. IHS Markit has been tracking customer loyalty for over two decades and Tesla has got three spots on 25th annual loyalty list. They have a huge loyalty base.

Other brands that were named top loyalty winners include General Motors, GM (overall loyalty to the manufacturer). So, that is a category. Ford (overall loyalty to the make) and Lincoln (overall loyalty to the dealer) actually now that is interesting. So, they would have gone through a methodology to find it out. So, that is again a category.

Alfa Romeo was named the most improved loyalty to make, and Genesis won the highest conversion of conquests to loyalists. So, that is again a scale and categories, on which awards have been given or ratings have been done. You may go further into the details through the

source mentioned here. You would realize how brand loyalty is focused by brand managers and how they think of those. There are some more examples in terms of brand loyalty.

(Refer Slide Time: 30:11)

Football clubs like Manchester United, Barcelona, Coca Cola, Disney, Google, Domino's, Apple, Netflix, Patanjali, in India have a huge base of brand loyal customers. I will leave you with this word loyalty, which is not only desirable, but if it is gained by brands, then probably many things can be subsided as far as efforts go, and loyalty may drive the brand, to an extent on its own basis.

I will be coming back to you with brand management continuum and reinforcement, revitalization and repositioning based discussion in my next session. That would be slightly more interesting as compared to whatever we have been going through. This has always been my effort. Stay with me. Goodbye.