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Enhancing Brand Loyalty through Brand Architecture Strategy

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Abstract

The concept of brand loyalty is a well-known topic of great interest for branding and marketing researchers due to its importance in gaining sustainable competitive advantage (SCA). Literature is prolific of works pertaining to branding architecture strategy and brand loyalty. In the current era, most of the powerful brands are aspired to achieve brand loyalty goal, hence the organizations and marketers should focus on the elements of branding which will assist the organization to achieve not just sustainable competitive advantage, but also sustainable brand loyalty among its customers. There are all together three (3) branding architecture strategies namely monolithic strategy, stand-alone strategy and lastly, endorsed strategy. The objective of this conceptual paper is to provide insight on the relationship of brand architecture strategies on brand loyalty.

Keywords: Brand Architecture, Brand Loyalty

Introduction

Over the past four decades, the study on brand loyalty has been proven to be the focal point of branding and marketing literatures in which has assisted the service providers in the various industries. In this view, brand loyalty is perceived as one of the contributors to build and enhance the concept of brand equity (Aaker, 1991). Past studies have concluded that if service providers could enhance and strengthen their brand loyalty, they could reduce further marketing efforts and costs (Nawaz & Usman, 2016). The concept of brand loyalty is very crucial for services sector, particularly business to consumers (B2C), those that provide services with little differentiations and compete in a dynamic environment. With the emerging of intense competition in the market, it is imperatively important for these service providers to meet the expectations of customers by providing superior services and go to the extra mile in delighting their customers. Hence, it is crucial for the service providers to constantly reviewing their marketing and branding strategies as this will allow them to stay relevant and competitive in the market.

Brand architecture is defined as a process practiced by organizations in building their brand via establishing brand relationships among branding options in the competitive market (Rajagopal &

Sanchez, 2004). The brand architecture of any organization is the legacy of previous management decisions as well as the competitive realities they must endure in the marketplace. Furthermore, brand architecture reflects the characteristics of the products that are available in the market. In view of this, brand architecture will be assisting the organizations in the revival, brand's retention or perhaps the merger of certain brands in the market. The concept of brand architecture can also be leveraged to enhance weak or dormant brands produced by the organizations. This is also further supported by Muzellec and Lambkin (2014) where brand architecture will allow the organization to define the level of brand exclusivity pertaining to the services, ensuring that the benefits of the products will be visible to the customers. According to Mann and Kaur (2013), there are all together three brand architecture strategies namely Monolithic strategy, Stand-alone strategy and lastly, endorsed strategy.

Past study have shown that the service providers faced an intense challenges due to the nature of the customers, the competition which is getting tougher, the evolution of technology and this has made maintaining customers to be loyal to their brand is an issue that needs to be tackled (Wong, Chan, Ngai & Oswald, 2009). This is also been supported by Rahman (2011) where the rapid changing of the market place and competitive environment are forcing the service providers to be more creative and flexible in their branding strategies as it is not a guarantee to make an assumption that customers will be staying loyal with only one brand. This is also because, in today's era, customers are having difficulties to stay loyal to one brand as there are numerous service providers that are selling and providing same services to their customers. Due to this, according to Llopis (2014), customers are no longer brand loyal. They are becoming more sensitive about their spending. If service providers only focus on selling their products and services rather than finding ways to make their customers stay loyal, their brand will be short-lived.

The problem with brand architecture is that, organizations, service providers are having difficulties to influence their customers to stay loyal with their brands instead of their competitor's brands despite practicing its best branding architecture. According to Ali, Othman, Hassan, Zainudin and Fadzil (2018), service providers need to revamp or rethink of its branding architecture strategy. Failure to do so, they might be having tough time to differentiate themselves from other service providers. This is the platform for service providers to convince their customers that the brand, products, and services offered are high in value.

Literature Review

Brand Loyalty

In the case of strong competition, having customers to stay loyal to the brand is indeed important for the success of the organizations or service providers (Li & Green, 2011). Brand loyalty is essential as it increases the share market of the brands. This is further supported by Eakuru and Mat (2008) where loyalty will determine the success of the organization. Brand loyalty is also the result of a successful marketing and branding strategy in competitive markets especially when it comes to business to consumer market (B2C). The concept of brand loyalty was defined by Jacoby and Kyner (1973) and also was supported by Dick and Basu (1994) where loyalty to a brand must consist a positive attitude towards the brand and a favorable pattern of buying behavior (Song, Wang & Han, 2019). In view of this, brand loyalty if often associated to the customers' repeated purchasing behavior over time coupled with a positively biased emotive, judgement and/or behavioral tendency for brands, labels, graded services or product choice. Brand loyalty also is perceived to be correlated

to a commitment to repeat purchase or promote which preferred certain products or services from the same service provider in future (Dick & Basu, 1994 ; Fatema, Azad & Masum, 2015 ; Rahi, Yasin & Alnaser, 2017 ; Sasmita & Suki, 2015). Customers are more likely to stay and insist to purchase the same brand and refuse to try another brand even though competitors have tempted the customers to switch to their brand. Furthermore, if the customers are loyal to a brand, it shows that the customers are having a better impression and perception of a particular brand than other competitors (Hanzaee & Andervazh, 2012) and this will definitely affect the customers' decision making process to purchase the same products and services. Not only that, customers who are loyal to a brand will always provide sincere feedback for the organizations or service providers to further improve their service delivery in which it is aimed to attract more potential customers who will stay loyal with the brand. Brand loyalty is utmost important for marketers, service providers and organizations (Aaker, 1991). When the organizations have a pool of brand loyalists, they will have greater market share and higher return rates on investments. It has persuaded the organizations and service providers to generate, build and maintain their brand loyalist.

Monolithic Strategy

Monolithic is the first strategy of brand architecture. Monolithic strategy is being viewed as the "sole" brand of the organization and this will become the main discriminator of the brand architecture (Junior, 2018). As stated by Kapferer (2008), monolithic strategy is recognized by a single and one distinctive brand level and it is linked with the corporate name and the whole organization itself. Monolithic strategy is deemed as cultural as it showcases the organization's subculture and engaged directly with the tangibility of multidimensional and multidisciplinary scope of the business operation. According to Hatch and Schultz (2003), monolithic strategy can be divided into three (3) elements namely strategic vision, organization culture and corporate image. Strategic vision can be best defined as the main idea underlying the organizations that showcases the direction from the upper management for what the organization is going to accomplish in few years' time. Secondly, organization culture is the values, beliefs and basic assumptions that is reflecting the organization. Lastly, corporate image is the perception of the organization's stakeholders, customers towards the organization's vision and mission. These three elements are correlated and vital in determining good monolithic strategy. Once the organization has successfully incorporated these three elements, it will lead to a favorable corporate reputation. Wei, Chen and Ouyang (2017) stated that the concept of corporate reputation is the overall perception that represents the organizations' past and future actions. In this view, corporate reputation is essential in channeling the name of the corporate which will influence customer's purchase decision. Hence, corporate reputation is needed in creating and shaping stakeholders' initial perception and this will lead to organization's overall performance

Stand-Alone Strategy

Stand-alone strategy is the second strategy of brand architecture. Stand-alone strategy is where the individual brands are created and strengthened with limited relation to one another or perhaps to the corporate brand (Aaker & Joachimsthaler, 2002). In this view, stand-alone strategy can be perceived as a tactic that isolates the parent or master brand from the destiny of the individual brand and this is very important where it is not merely possible to stretch the brand name to a different category. According to Hsu, Fournier and Srinivasan (2016), stand-alone strategy is a strategy where an organization operates wholly via an independent set of individual brands while

maintaining and keeping the corporate brand in a discreet manner. In this stand-alone strategy also, all brand equities are parked expressly at the individual level, which is the individual brand is solely responsible for this reputation, attention, and investment (Hsu et al., 2016). Laforet and Saunders (1994) classified stand-alone strategy into two (2) categories which is mono branding where the main brand is disclosed to the customers and furtive branding where the main brand is not disclosed and should be used when the organization's products lines are incompatible with the organization's core services. Since stand-alone strategy is focusing on the niche market, the products and services must have quality attributes that will help the organization to stay competitive. In today's era customers are facing with the same products and services but from different service providers, hence it is important that the organization to fulfill the needs and wants of the customers. The individual products offered by the organization must be in high quality as this will be the key differentiator for the customers to distinguish one brand to another.

Endorsed Strategy

The last strategy of brand architecture is endorsed strategy. In this strategy, two (2) brand names, which are corporate and individual product brand names are joined with the objective to increase the visibility of the brand to the customers in the market (Gray & Smeltzer, 1985; Murphy, 1987; Laforet & Saunders, 1994). Brands with names other than the organization's name are typically durable and will bring values to the organization. Endorsed strategy is a transitional strategy that reaches the customers with different needs and wants, yet the brand names that are in line with the product lines can be managed (Rubera & Droge, 2013). An organization may opt for brand architecture strategy that is neither the far end nor earlier of brand hierarchy, instead it can be adapted something from the middle. In endorsed strategy, an organization typically engages a set of house or family brand in its brand architecture strategy, besides adding the corporate name for certain products and services. When an organization decides to engage with endorsed strategy, it should also consider the weightage of the brands. As stated by Keller (2003), an organization must decide how much prominence each individual brand placed on the combined brand. Furthermore, organization that is practicing endorsed strategy should focus on building their corporate name recognition or familiarity of their brand which includes the parenting brand and product brand among the public (Souiden & Kassim, 2006). Corporate name is best defined as when the general public or organizations' target market are able to identify a brand via its attributes. Corporate name recognition is most successful when the customers can state or recall a brand without exposing the organization's name but rather through visualization such as brand image which consists on logos, slogans, the packaging or perhaps colors as seen in any advertisement.

The Relationship between Monolithic Strategy on Brand Loyalty

Brand loyalty is the degree in which the customers will stay loyal to a brand for a period of time. Hence, the customers will maintain a series of loyalties to the organizations that they perceived to have good reputation coupled with excellent service (Goronduste, Hilman & Nasidi, 2014). Numerous studies have investigated the relationship between corporate reputation and brand loyalty. Since monolithic strategy is all about reputation of the organizations, it is very important for the organizations to build and maintain favorable reputation in the eyes of the public. Generally, organizations with good corporate reputation will place themselves in higher market share of firms and better financial performance (Jeng, 2008). Previous studies also have suggested that

organizations with good reputation will assist in building and sustaining a stronger relationship with the customers. Brand loyalty is perceived to be higher when customers are having strong and favorable perceptions regarding the reputation of the organizations. This is further supported by Zhang (2009) where corporate reputation serves as an antecedents of customer satisfaction and brand loyalty and this was also in line with the result by Ali, Alvi and Ali (2012) who revealed that there is a positive relationship between corporate reputation and brand loyalty.

The Relationship between Stand-alone strategy on Brand Loyalty

Organizations that are practicing stand-alone strategy must emphasize on the quality of the products and services as the will be no connection between individual brand and company's brand. As mentioned by Kassim, Igau, Al-Swidi, Tahajuddin and Neezm (2013), successful organizations and businesses define their branding and marketing strategy around the pursuit of quality. Marketers have to recognize the central role of quality products and services in order to be able to anticipate brand loyalty. Furthermore, organizations should employ branding and marketing strategies that focus on the product features ad cues which will elevate customers' perceived product quality. Bontis, Booker and Serenko (2007) stated that there is a connection between perceived quality products and brand loyalty. Hence, the organization's ability to provide a high degree of quality products and services is crucial for the organizations to differentiate themselves from their competitor. A study by Lin and Wang (2006) revealed that once organizations can differentiate themselves from others, customers will have a positive view towards the organization and the tendency for the customers to stay loyal is very high. The statement about the loyalty drivers should be understood in which brand loyalty is not entirely based on satisfaction. Loyalty is built via positive product differentiation that is usually achieved by providing superior products and services which are high in quality.

The Relationship between Endorsed Strategy on Brand Loyalty

When there is a combination between product brand and company's brand, it forms a brand image from the customers' perspective. In this view, as stated by Seo and Park (2017), brand loyalty refers to a deed immersion in a pertinent brand that allows the customers to purchase preferable products and services based on the brand image that they have in mind. Loyal customers tend to repurchase the identical brand despite efforts such as marketing and social media campaign made by organizations to bring out about brand conversion (Oliver, 1997). Furthermore, brand image from the perspective of the customers plays an important role in enhancing their loyalty towards the brand. In this view, brand image has significantly positive effects on brand loyalty and this can be achieved via comprehensive marketing communication. With the emergence of the technological developments, organizations could leverage on the technological inventions to improve their brand image. This is because, customers are concern and will only purchase products and services that are well known and are in accordance with their requirements (Shabbir, Khan & Khan, 2017). This study has supported the claim by Keller (1993) in which when customers clearly remember a brand, they are likely to create the brand image and tend to stay loyal to the brand. With a positive brand image, organizations will get benefits in acquiring new customers as the existing loyal customers will spread positive word of mouth to other customers. This is further supported by Sulibhavi and K (2017) where customers who are satisfied and having positive brand image will recommend and suggest sincerely to others in which it will assist the organization to reduce its marketing effort.

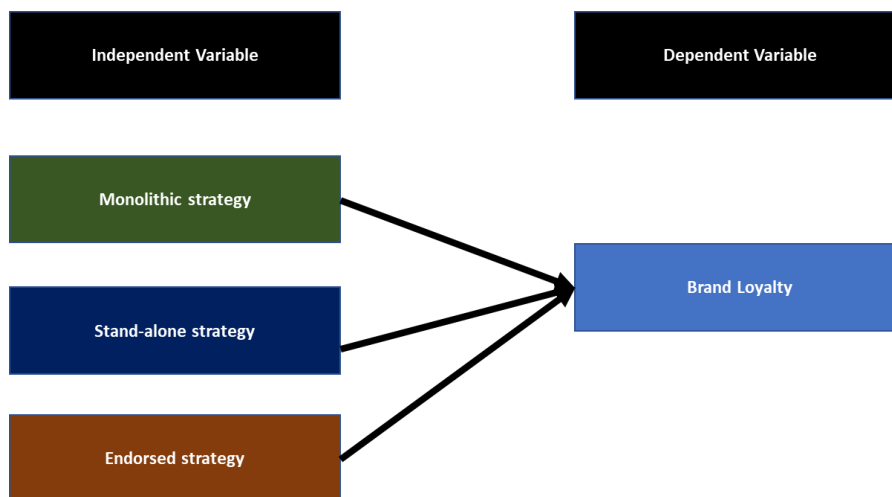


Figure 1. Proposed framework of the study
(Mann & Kaur, 2013)

Conclusion

The research on brand loyalty has produced numerous interesting results in terms of the factors that could contribute to brand loyalty. As product markets continue to bloom, it is crucial for organizations and service providers to seize the opportunity to optimize and leverage on available resources to create a comprehensive and reliable brand architecture strategy. Besides creating a pool of loyal customers, brand architecture also will assist the organization to achieve competitive advantage among its competitors. Brand architecture strategies have become more and more important in determining the loyalty of the brand from the customers. In fact, new branding concepts have been introduced such as brand engagement, brand equity, brand personality and brand communities. The concept of branding itself is recognized as the main contribution that can create commitment and act as a bridge to close the gap between organizations and their customers. Overall, the aim of this paper is to gain valuable insight of brand architecture strategy and brand loyalty. Brand architecture strategy can be considered as the powerful weapon for most organizations. It is a fact that branding helps the organizations and service providers to identify and recognize the products and services which will be offered to the customers. A good brand architecture strategy allows the organization to connect with customers emotionally and physically. In view of this, brand architecture strategy will assist the organization to build trust with the target market, enhance the visibility of their brand and most importantly, the organizations would be able to achieve sustainable competitive advantage (SCA).

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