The Walt Disney Company

The Importance of

Brand Loyalty

Introduction

Brand loyalty is defined as a commitment and "an enduring desire to maintain a valued relationship" (Moorman et. al 1992) with a brand. It is a significant issue to firms because it is the foundation of a brand's equity, as measured by market share, profits and goodwill. Brand loyalty among consumers is critical to a brand's continued growth and success. It is the foundation that sustains a brand's prolonged life. Undoubtedly, brand loyalty is a complex, well researched area that firms should consider investigating on a deeper level to achieve greater brand allegiance.

Brand loyalty is a relevant area of concentration for The Walt Disney Company because its customer base is primarily dependent on lifetime loyalty. The company understands the importance of brand loyalty and the positive outcomes it has on sustaining a brand's lifelong cycle. Extensive academic research can help Disney strengthen the level of understanding on brand loyalty. The company can greatly benefit from obtaining a deeper understanding of brand loyalty because it will further help the company grow. Brand loyalty is an essential aspect for a company as successful as Disney to further examine.

Brand loyalty can be measured in several different ways but the most prevalent categories are attitudinal loyalty and purchase loyalty (Chaudhuri and Holbrook 2001). While these are the most significant aspects of brand loyalty, there are various others drivers and constructs that are interrelated. This paper will examine and explore academic research on the importance of brand loyalty as measured by attitudinal and purchase loyalty, its underlying factors, and the effects of customer satisfaction and dissatisfaction. The concluding section will state the implications that these significant areas of brand loyalty have for The Walt Disney Company's continuous success.

Past Research

Brand loyalty can be broken down into two categories—attitudinal loyalty and purchase loyalty. While these are two different areas of loyalty, they are also interrelated. Although brand loyalty has been heavily researched over the years, it has stirred up different opinions and thoughts. The next section will further explore this theme.

Attitudinal and Behavioral Brand Loyalty

The first aspect of brand loyalty is attitudinal loyalty and its component of commitment. Attitudinal loyalty is when consumers have a favorable predisposition toward a brand and the company. It is essential for companies to understand the importance of attitudinal loyalty because it can greatly increase the success of the company's brand. Analysts believe that it is attitudinal loyalty that tends to create consumer commitment to a brand over a longer period of time (Anisiminova 2007). Therefore, attitudinal loyalty can increase the degree of purchase loyalty which helps the brand compete against its respective competitors. According to Baldinger and Rubinson, highly loyal buyers tend to stay loyal if their attitude toward a brand is positive (1996). This is a vital marketing implication because retaining consumers is essential to any brand's life cycle.

Consumers express their attitudinal loyalty through their commitment to a brand. As Kha stated, "commitment is an attitudinal construct" (2008, 86). When consumers demonstrate a positive attitude toward a brand, they show a higher degree of brand loyalty. Companies can feel more secure about these consumers because they show a deeper level of commitment and allegiance. Although not all consumers demonstrate loyalty toward brands through behavior, the ability to increase a consumer's loyalty is much higher if the consumer has a favorable predisposition toward the brand (Baldinger and Rubinson 1996; Kha 2008). Furthermore, the

attitudinal element of commitment is "an enduring intention by the parties to develop and maintain a stable long-term relationship" (Bodkin et. al 2009, 1015). Therefore, attitudinal loyalty can be viewed as a consumer's intention to pursue and sustain a lasting relationship with a brand, which is the essence of brand loyalty.

Another significant aspect of brand loyalty is the behavioral factor which is also referred to as purchase loyalty. While attitudinal loyalty is defined as the average consumer's degree of commitment toward a brand, purchase loyalty involves the average consumer's disposition to repurchase a brand (Chaudhuri and Holbrook 2001). Purchase loyalty is considered to be the most critical factor in brand loyalty because loyalty cannot exist without recurrent purchase (Shukla 2009). For instance, if a consumer is not loyal to a specific brand, they will often purchase different brands that offer the same product or service. Conversely, the loyal consumer will repurchase the same brand because of their degree of commitment. The repurchase process of purchase loyalty is critical to determining the degree of loyalty that a consumer has toward a brand.

Brand loyalty is also defined as a consumer's conscious or unconscious decision to repurchase a brand over an extended period of time (Amine 1998). This exemplifies the essence of purchase loyalty and its connection to brand commitment. A consumer's strong repeated patronage demonstrates the level of loyalty they have for a brand. Therefore, these repeated purchase behaviors can optimize a brand's market share as well as the company's profits. According to a study involving a loyalty program on consumers' purchasing behaviors at a store, the loyalty program had different results "depending on the consumers' initial usage levels" (Liu and Yang 2009, 31). For example, initial heavy buyers earned the most rewards from the program, yet their purchases did not increase over the course of the study. Conversely,

consumers who were light and moderate buyers made substantial purchasing progress. For instance, these consumers made more purchases and as a result, it increased their loyalty toward the store. A loyalty program can be a considerable component in stimulating a consumer's brand loyalty.

Over the years, the subject of brand loyalty has stirred up different opinions and thoughts. Many scholars have viewed brand loyalty from an attitudinal perspective while others have defined it from a purchase behavior approach (Kahn et. al 1986). For instance, many researchers consider that repeated purchases solely determine the degree of consumer loyalty toward the brand. Their studies do not even consider attitude to be a factor in the brand loyalty equation. Conversely, other investigations only support attitudinal loyalty regarding brand loyalty. However, Bandyopadhyay and Martell propose that both a favorable predisposition and repeated purchase behavior accurately addresses loyalty toward a brand (2009). For instance, attitudes about a brand can directly influence the consumer's purchasing behavior. Attitudes and repeated purchases do not need to be separated because both perspectives impact a consumer's brand loyalty. Essentially, attitude and purchasing behavior are interrelated.

Complexities of Brand Loyalty

Although brand loyalty is a heavily debated subject, some researchers simply believe there is no single definition that can be ascribed to brand loyalty. For example, they argue that there is not enough substantial evidence that can support attitudinal or purchase loyalty because brand loyalty itself is merely an "abstract noun" that cannot be defined (Sharp et. al 2002, 2). Furthermore, if brand loyalty cannot be defined as some researchers imply, companies could have a more difficult task in understanding the behaviors that lead to strong commitment.

Undoubtedly, these diverse opinions regarding brand loyalty demonstrate that a deeper complexity exists than many companies may initially think.

As previously stated, there are several opposing thoughts on the subject of brand loyalty. Many factors have been ascribed to the culmination of loyalty and a deep complexity exists when deciding which factors are directly related. For instance, brand loyalty itself can be broken down into two subdivisions, true brand loyalty and "spurious loyalty" (Bloemer and De Ruyter 1998, 500). True brand loyalty is dependent on brand allegiance whereas, spurious loyalty is purely based on a consumer's habitual purchase behavior and lacks any kind of commitment. These subdivisions of loyalty differ from the previously mentioned measures of attitudinal and behavioral loyalty. Attitudinal loyalty is based on a favorable predisposition toward a brand while true brand loyalty depends on the degree of previously acquired commitment. On the contrary, behavioral loyalty relies on the underlying commitment the consumer has toward repurchasing the brand continuously whereas, spurious loyalty lacks commitment when exhibiting purchase behavior. Spurious consumers can repurchase a brand because they do not want to go through the cognitive process of choosing a different brand that can satisfy their needs. These consumer's purchasing motives are strictly due to apathy and eliminate the possibility of true loyalty. Therefore, companies must distinguish between these two types of consumers because it can greatly affect the success of their brand.

Underlying Factors and Constructs of Brand Loyalty

One of the underlying drivers of brand loyalty is trust. Trust is a significant element that consumers must have in a brand in order to retain a favorable disposition or participate in repeated purchasing. As in all relationships, trust is a vital component, and the relationship between consumers and their loyalty toward a brand is no exception. For instance, in

relationship marketing, many scholars focus on the importance of trust in building loyalty (Hong and Hwihyung 2011). Without trust, consumers cannot demonstrate loyalty toward a brand. Conversely, companies cannot affect a consumer's level of loyalty toward a brand if trust is not present. Furthermore, trust is considered to be an essential element in the consumer and brand relationship; it is "the single most powerful relationship marketing tool available to a company" (Berry 1995, 242). This is a crucial marketing implication because trust is the most powerful factor that a company can use to predict consumer loyalty toward a brand.

In addition, trust is an important contributor to both the attitudinal and purchase behavior aspects of brand loyalty. A consumer's level of trust and confidence in a brand can dictate the perception they acquire and, therefore, trust encourages attitudinal loyalty (Morgan and Hunt 1994). Meanwhile, trust also has a direct influence on purchase loyalty. Consumers are more willing to purchase a specific brand and repeat that purchase in the future if they believe the brand itself is trustworthy. Furthermore, the purchasing process itself can be classified as risky because the consumer is not guaranteed complete satisfaction. Consumer trust greatly determines consumers' purchase behavior (Hong and Hwihyung 2011). Trust must be present throughout the entire process for the consumer to feel confident in their purchasing commitment. When a consumer trusts a brand, the level of perceived purchasing risk is decreased thus, it strengthens purchase loyalty.

Another significant antecedent of brand loyalty is perceived value because it affects a consumer's ultimate attitude and purchase behavior. According to Zeithaml's model of perceived value, it can be broken down into the following five dimensions: "quality, monetary price, non-monetary price, reputation and emotional response" (1988, 4). Companies must take each of these dimensions into consideration to increase a consumer's perceived value of a brand.

Perceived value can influence a consumer to have a positive disposition toward a brand in various ways. If the quality and reputation of the brand is favorable, the consumer will inevitably have a more positive perspective toward the brand, and as a result, the attitudinal loyalty will increase. Perceived value can also positively affect purchase behavior. For example, if a consumer believes a brand's monetary price is at a fair value in comparison to its respective competitors, the consumer will repurchase the brand's product or service, which leads to purchase loyalty. Conversely, researchers have noticed that when perceived value decreases, consumers are more inclined to purchasing competitive brands in order to increase their perceived value (Anderson and Srinivasan 2003). When perceived value decreases, brand loyalty weakens as well, as researchers have indicated that perceived value has an influence on loyalty (Mohammad 2012). Therefore, perceived value directly contributes to a consumer's brand loyalty.

The overall brand experience is a variable that can influence the consumer's perspective, repurchase intention, satisfaction level and loyalty. The consumer's brand experience can determine whether a consumer will have a favorable feeling after using the brand. If the brand involvement is not considered positive, the consumer's emotional affiliation will cease to exist. Furthermore, brand experience can be considered a predictor of repurchase intention. The repurchase intention is a result of consumer satisfaction which is affected by the brand experience itself (Brakus et. al 2009). Moreover, brand experience can lead to a consumer's long-term usage. This demonstrates that the long-term brand experiences affect loyalty (Brakus et. al 2009; Oliver 1993).

The Effects of Customer Satisfaction and Dissatisfaction

Customer satisfaction often leads to brand loyalty. It is highly important for consumers to feel pleased with a brand because it creates trust, generates a positive perspective, strengthens the relationship, and ensures repurchasing behavior. For instance, when a brand fulfills a consumer's unmet needs, customer satisfaction is achieved and it creates a favorable image in the consumer's mind. Furthermore, it influences the consumer to participate in repurchase behavior. The repurchase behavior can cause the consumer to further trust the brand which ultimately reinforces the relationship. Customer satisfaction leads to brand trust and loyalty, yet the most important aspect is satisfaction" (Kiyani et. al 2012). If the customer does not feel satisfied with the brand, it will not lead to trust. Companies must take the time to ensure satisfaction among their clientele to create long-term loyalty. This indicates that the effects of customer satisfaction inherently lead to higher brand loyalty.

Brand loyalty is also based on the consumer's level of brand commitment. Brand commitment is determined by the consumer's brand satisfaction. Brand satisfaction is "the outcome of the subjective evaluation that the chosen alternative (the brand) meets or exceeds the expectations" (Bloemer and De Ruyter 1998, 501). A consumer's unmet needs must be fulfilled or exceeded to achieve full brand satisfaction. Furthermore, Bloemer and Kasper believe there are two types of customer satisfaction—manifest and latent (1995). Manifest satisfaction involves full awareness of the satisfaction level and a high degree of elaboration on the assessment of a brand. The elaboration can either be biased or objective. Conversely, latent satisfaction is when the consumer is not aware of their satisfaction level because they do not have any motivation to examine their brand selection (Bloemer and Kasper 1995). Ultimately, both classifications of satisfaction depend on the level of elaboration and awareness of brand

satisfaction. The process of determining the type of satisfaction the consumer experiences is important because it reveals the degree of commitment toward the brand. The type of brand commitment concludes the level of loyalty the consumer exhibits toward a brand.

Although customer satisfaction plays an important role in measuring brand loyalty, dissatisfaction is also a significant variable. Dissatisfaction is the failure to fulfill customers' unmet needs and expectations. A consumer's dissatisfaction with a brand can negatively affect their loyalty in several ways. For instance, if the consumer's needs are not fully satisfied by a brand, the consumer's affect can change from a positive attitude to a negative perspective. A consumer's negative affect toward a brand will inherently decrease repurchase behavior which directly impacts brand loyalty. Conversely, consumers may continue to purchase a brand even if they are not fully satisfied because of habitual purchase behavior. Nevertheless, dissatisfaction is considered to be a major cause of a consumer's exit (Buttle and Burton 2001). As a result, a consumer's loyalty can greatly diminish and result in brand alienation.

A consumer's dissatisfaction significantly impacts the deterioration of brand trust and loyalty. Brand trust is the consumer's sense of security that is supported by the brand's reliability (Ha and Perks 2005). Therefore, a brand's unreliability negatively impacts the consumer's feeling of security and overall trust. The lack of trust in a brand's performance leads to a consumer's disloyalty because their needs have not been adequately fulfilled. Customer satisfaction is closely associated with brand trust (Delgado-Ballester and Munuera-Alemán 2001). Trust is the foundation of brand loyalty which is impacted by the degree of satisfaction. Consequently, a consumer's dissatisfaction in a brand can cause disloyalty.

Consumer dissatisfaction is undoubtedly an important factor in measuring brand loyalty; however, it can also be an important variable in brand switching. Researchers have suggested

that consumer dissatisfaction is linked to brand switching (Uturestantix et. al 2012). Brand switching is when a consumer switches from one brand to another brand of the same product or service. While satisfied consumers continue to purchase their preferred brand, dissatisfied consumers will eventually stop purchasing the brand and end their loyalty relationship. Ultimately, the brand's inability to fulfill the consumer's desires can result in a switching incentive (Oliver 1999). This motivates consumers to search for different brands that can fulfill their needs.

Conclusion

The primary goal of this academic research was to explore the importance of brand loyalty in the areas of attitudinal and purchase loyalty, its extensive supporting drivers, and the role that consumer satisfaction and dissatisfaction has on loyalty. These areas can enable The Walt Disney Company to retain its existing clientele while obtaining new consumers. Attitudinal loyalty is a positive disposition toward a brand that translates into a strong commitment over time. Purchase loyalty is a consumer's repeated patronage that leads to commitment. In addition to the main concepts of attitudinal and purchase loyalty, the brand loyalty relationship is greatly influenced by the following interrelated and underlying factors: trust, perceived value and brand experience. Moreover, customer satisfaction and dissatisfaction have a substantial impact on brand loyalty. While these three concepts are the essence of this research, brand loyalty is significant topic that has further complexities and areas of investigation.

Brand loyalty is a critical issue in the current marketing industry because it directly and indirectly affects all aspects of consumer behavior toward brands, and has major marketing implications. The Walt Disney Company can greatly benefit from the presented research because the company can acquire important information that can further complement its own

brand loyalty model. It will help Disney's continuous brand growth and success among its consumers. For instance, awareness of the existing correlations between attitudinal and purchase loyalty can help Disney preserve its consumer's positive disposition and repurchasing behavior. It can influence potential consumers to acquire the same degree of loyalty. Disney can also endorse a loyalty program that stimulates higher levels of consumer allegiance. Furthermore, trust has proven to be one of the most powerful drivers that a company can use to predict and retain consumer brand loyalty. Disney can further strengthen its established relationships and predict brand loyalty by researching the level of trust the company has among its consumers. The company's reign as the world's leading producers and providers of entertainment and information will continue if it considers the presented areas of investigations. Research on the subject of brand loyalty is extensive. There are various other areas that can be explored such as, the emotional and social identity aspects of brand commitment and its effects on brand loyalty. However, this research and the presented themes will further reinforce the company's mission statement and build more long-lasting brand commitments.

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