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## **IMPACT OF BRAND AWARENESS ON CONSUMER LOYALTY**

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**Abstract:** Brand awareness is a marketing construct that may influence consumers to purchase a brand and to become more likely to continue buying a brand. This paper explores the relationship between brand awareness and consumer brand loyalty. Brand awareness is a key, but often neglected, aspect of brand-based brand management. This paper reviews brand awareness measures in the context of global brand management. Numerous studies have shown that strong brand awareness is critical to increase the probability of consumer to recall the brand and purchase it.

**Keywords:** Brand awareness, consumer loyalty, brand loyalty, brand management.

## INTRODUCTION

One of the most important aspects in marketing is brand awareness, defined as “the durability of a brand that is embedded in the customer memory. Therefore, brand awareness will be created by ongoing visibility, enhancing familiarity and powerful associations with related offerings, and buying experiences” (Severi, 2013, pg 126). The basic premise is that building high product awareness improves brand recall ability because it allows the product to be inserted into the consumers “evoked set”. Brand awareness plays an important role in making purchase decisions because consumers tend to buy a familiar and well-known product (Keller, 1993, Macdonald and Sharp, 2000). Although most researchers agree that brand awareness is vital to success of a product or service, there is one study that seriously questions that brand awareness is so important and called it a “myth” (Wanous, 1987). This research looks at the awareness not of commercial products but of presidential candidates in 1987 and it found out that there was not any direct link between awareness and “buy”.

According to the Zimmer Radio & Marketing group, 77% of marketers say that

branding is crucial for future growth. The more people who know who you are, what you offer, and the values you stand for, the more in demand the product or brand will be. Brand awareness is what allows consumers to know what your product or brand is about and be able to recall the brand or product when trying to make a purchase decision. If a product or brand has low brand awareness they are never even considered by the consumer. Three research questions are addressed in this paper:

1. Explore Brand Awareness
2. Importance of Brand Awareness
3. The correlation between Brand Awareness and Consumer/Brand Loyalty

Brand loyalty is viewed as especially important link between brand awareness and brand equity. It is perceived as a price premium measured by the increment that a brand name contributes to the price of a product when controlling for its quality. Although most studies confirm the importance of brand loyalty for higher value of a brand there is an exception to that. Holbrook (1992) found a striking absence of brand equity in the general area of consumer electronics. The results cast serious doubts on the viability of brand equity in the markets for consumer products. The implications of these findings for consumers seem straightforward: prices reflect quality.

## REVIEW OF LITERATURE

In the past, it was a norm that companies primarily invested in traditional advertising to build brand awareness, name recall and recognition. Brand awareness plays an important role on purchase intention because consumers tend to buy a familiar and well-known product (Keller, 1993; Macdonald & Sharp, 2000). Brand awareness can help consumers to recognize a brand from a product category and make purchase decision

(Percy & Rossiter, 1992). Brand awareness has a great influence on selections and can be a prior consideration base in a product category (Hoyer & Brown, 1990). Brand awareness also acts as a critical factor in the consumer purchase intention, and certain brands will accumulate in consumers' mind to influence consumer purchase decision. A product with a high level of brand awareness will receive higher consumer preferences because it has higher market share and quality evaluation (Dodds et al., 1991; Grewal et al., 1998).

It was assumed that the only efficient way to create brand awareness is to invest in mass media that will make your product highly visible among consumers. Once a product is mass marketed and supported by mass media campaign consumers will take that brand in their evoked set, meaning that only three or four brands will be considered for future purchases. This was a traditional way of marketing thinking supported by some basic psychology research. This has started to slowly change in the mid to late eighties in the U.S. and gradually that trend spread out to the rest of the world.

But even 25 years ago we started to have dissenting views. One of the first voices to warn that things are changing was an article which indicated that traditional mass advertising is losing its grip in marketing (Rust and Oliver, 1994). The authors proclaimed an impending "death of advertising" and pointed at some alarming trends in terms of advertising industry in general (Rust and Oliver, 1994).

Traditional media have declined in the last 25 years due to many reasons, from changing technology to changing and much more flexible manufacturing, to changing lifestyles to changing values. Therefore, we are witnessing the dramatic rise of non-traditional media, primarily digital media. It used to be that the most appropriate way to build a presence among consumers is by using

mass media which were very expensive and only the big companies could afford to use them. Huge changes that we have witnessed in the last 25 years, especially in the domain of online media has changed all the rules of marketing.

Social media have become an invaluable tool for businesses to be able to paint a picture of who they are through video. Testimonial and short stories shared by consumers themselves. Using the video format versus print can allow the company to "share interesting facts about your brand or industry in short, sharable six-second videos. Try showing off your best services and client experiences with a 30-second testimonial. Or, if you're hosting an event, go live and share the experience with your followers on Facebook Live, Instagram Stories or Snapchat" (Fowler, 2018, pg 1).

Word of mouth has always been a very potent force in marketing (Ferguson, 2008) and social media are use this old form of communications very effectively. Most younger consumers use social media all the time trying to share what they are doing with all their friends and "followers" and this strategy could lead to an increase in consumer's attention to the brand or product. Another form of social media that has taken off recently is the growth of LinkedIn. The growth has been astounding, "With over 500 million users, LinkedIn gives you the opportunity to connect with right-fit referral sources, express your knowledge as a thought leader in your industry through published posts and reach a targeted audience through the site's advertising platform" (Fowler, 2018, pg 1). This examples also demonstrates that traditional ways of developing awareness are gone and replaced by much more dynamic media environment.

Social media outlets allow companies to expand their brand awareness within their target market rather than trying to expand

to everyone, which can lead to enormous waste in coverage. All of this can be done with the fraction of the cost of using traditional media which are very expensive and almost unaffordable for smaller companies. In our opinion, the real-world business applications are developing so fast that academia is in many ways behind in terms of teaching students how to effectively use these new media to build many business applications, including brand awareness. Establishing your brand on social media is the new trend in establishing brand awareness for your company. If companies neglect to use creatively social media and video montages, then there are missed opportunities to expand brand awareness and increase consumer/brand loyalty.

## **EXPLORING BRAND AWARENESS**

Brand awareness is a significant and often underestimated aspect of business, it directly affects how customers perceive and their attitudes toward the product and whether it will be in their evoked set. Some scholars defined brand awareness as the power to link the brand to a product category (Hou, 2014).

There are three methods how to measure brand awareness and they are: top-of-mind, unaided and aided awareness (Romaniuk, et al, 2017). All measures cue with the brand, with differences concentrated in the nature and effort of consumer response. Both, top-of-the mind, and unaided measures give the respondent minimal assistance to develop responses, thus the retrieval of the brand from memory is more difficult than when the brand name responses are provided as for aided measures (Lauren et al, 1995). Of the two unaided response approaches, top-of-the mind is the first unaided response given and is therefore the most difficult for a brand to achieve (Keller, 1993). While unaided awareness also comprises minimal cueing to

remember the brand name, it does allow the mention of multiple brand names as well as the category hint, with the overall aided brand awareness measure for each brand being the percentage of respondents that indicate “yes” (Huang and Sarigollu, 2012).

When it comes to online brand awareness, it has been proposed that awareness is directly related to consumer trust in a web site. Scholars have said “brand trust online as a consumer psychological state of confidence and positive expectations from a brand, and also indicated that in a virtual environment where exists potential uncertainties and risks” (Hou, 2014, pg 4). This is true because when a customer visits a website, they have roughly 30 seconds to make a positive impression before the customer either commits to shop or explore their website or leave. Due to lack of a tangibility of the product it is difficult for consumers to confirm product quality when shopping online, so the legitimacy of the website format is crucial for expansion of brand awareness for online businesses.

Brand awareness is employed as “a shopping guide (and) is a strategy applied by consumers in order to save time and effort which, when dealing with an unknown brand, they would devote to comparing the products in relation to other attributes, such as quality, packaging and price” (Koniewski, 2012, pg 2). This is where websites legitimacy and reviews online are crucial because that is where customers are placing their trust in today’s market. If the consumer has low brand awareness with a product, they will rely on the simple aspects like previously mentioned in making their purchase decision. This leads us to why it is important to have brand awareness because it can give a brand a leg up on the competition solely because the consumer has heard of it, or it is in their evoked set.

## **IMPORTANCE OF BRAND AWARENESS**

Brand awareness is a vital part of having a successful brand because it “differentiates the brand from competitors and leads to brand choice and influences the strength of brand relationships in the customer’s mind” (Alkhawaldeh, 2017, pg 39).

Differentiation is crucial because the company wants to provide an add benefit to consumers that will make them instantly think of the brand when they are looking for a certain product in a certain category. Having the added benefits of your product or brand awareness known by the consumer will not only allow you have a competitive advantage over the competence but the “attributes of the same product are more significant in the subsequent purchasing decisions, especially when the products from which the consumer can choose to differ significantly from each other in relation to criteria to which he/she attaches great importance. This is why it is vital to understand which product properties matter to the consumer” (Koniewski, 2012, pg 2).

Understanding what the consumer wants and being able to market those features of your brand are a crucial part of obtaining high brand awareness. This is the case because when a consumer is looking for a certain product or a product with a certain attribute (such as packing, quality, etc) they will go to their evoked set first which is where you want the brand to be, but if the brand is not in the evoked set having a high brand awareness will allow the brand to be given a chance at purchase. This is the case because even though they are not the first thought of brand, they can still earn a shot at being purchased because the consumer is aware of them and the perceived added benefits they provide with their topic, and it might boil down to price and allow the brand to enter the consumers evoked set after

they try the brand or product.

## **RELATIONSHIP BETWEEN BRAND AWARENESS AND BRAND LOYALTY**

The relationship between brand awareness and brand loyalty affects customers’ perceptions, attitudes, and reflects the salience of the brand in the customer’s mind. However, this link between awareness and brand loyalty is not defined same among all scholars. According to Aaker (1996), brand awareness is a significant and sometimes underestimated antecedent of brand equity. Having high brand awareness directly relates to having high brand/consumer loyalty because there are so many alternatives on the market today that if a product or brand is not satisfying consumer needs then there is no reason, they will be loyal to that brand. At the same time, if consumers don’t develop positive experience with using the product/brand they will not trust the brand. Even if consumers have brand awareness, they also need to have a positive experience with the brand, so they have high level of trust in a brand. Some scholars define brand awareness as the link that connects brand and the product category (Mourad, Ennew & Kortam, 2010). In some cases, it can influence consumers to look for another brand or question their brand loyalty.

Figure 1 shows that brand awareness, as well as positive customer experience, are direct factors that lead to increased brand loyalty (Zhao, 2016).

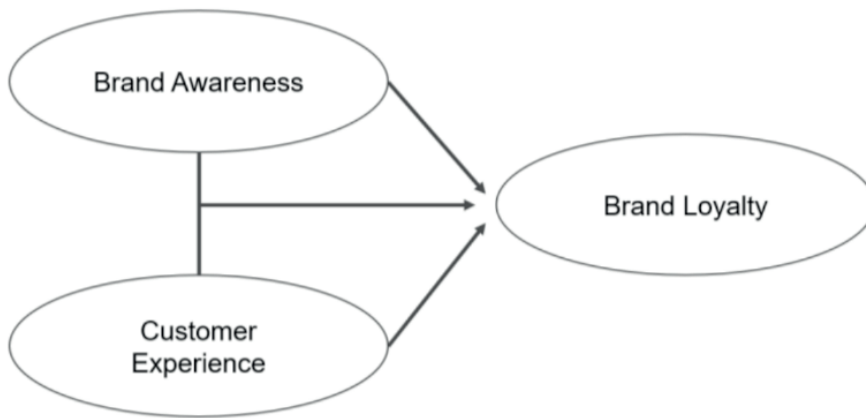


Figure 1. Relationship between Brand Awareness, Consumer Experience and Brand Loyalty.

Source: Own elaboration.

Brand awareness is a fundamental pillar that make up brand loyalty. Brand awareness is the antecedent of brand trust, and brand trust directly affect brand loyalty (Hou, 2014). Without brand trust there is no brand loyalty. At the same time there is no brand trust without brand awareness because if the consumer is not aware of the benefits and features of the product or brand than there is no reason the consumer would want to put their trust or money into the brand or product.

Literature shows that there are multiple variables that play role in consumers decisions to purchase brands. The research indicates correlation between brand awareness, experience, trust, intentions, emotional factors, and brand loyalty. Chaudhury and Holbrook (2001) underlines loyalty as the ongoing process of continuing and maintaining a valued and important relationship that has been created by trust. Some researchers believe that brand trust contributes to not only brand loyalty but to attitudinal loyalty. Trusted brands are purchased more often and command a higher degree of attitudinal commitment (Chaudhuri and Holbrook, 2001). In addition, Chiou & Droge (2006), Floh & Treiblmaier (2006), found that trust had a direct effect and significant influence on brand loyalty and trust is positively related to

brand loyalty (Rios & Riquelme, 2008).

With added brand awareness and trust consumers will feel good about buying the brand or product and give them confidence to be a repeat purchaser. The next real-world example shows how brand awareness, brand experience, trust, attitudinal experience all ties into a very potent force for consumers. It is an example of how brand awareness leads to increased sales is how Dawn dish soap advertises about their aid with natural disasters and oil spills. When people see or hear the Dawn dish soap name because of their brand awareness they instantly think about all the good Dawn does in helping wildlife and cleaning up oil spills and help saving animals lives. This type of brand awareness not only has a positive impact on their sales, but also allows customers to feel good about their purchase of Dawn products and will increase their brand loyalty because people are becoming more environmentally conscious. Taking advantage of this new trend through brand awareness will enable a product or brand to come to the forefront of consumers evoked set and allow them to gain some consumer loyalty to their brand or product.

## CONCLUSIONS

Brand awareness can be applied to any

aspect of consumer purchase decisions. When a consumer is searching for a product, almost always is going to go with a brand they are aware of, and that is in their evoked set. Increasing brand awareness with consumers is the only way to secure repeat purchasers because if the brand is not well known or does not have positive reviews online, consumers are not even going to consider buying the product or brand. This paper also explores other aspects of consumer awareness such as positive brand experience and developing higher level of trust.

Based on the literature review the following hypothesis could be established that there is a correlation between brand awareness and brand loyalty. In order to establish brand awareness marketers must be increasingly creative and to use non-traditional media to get the word out and to remind consumers constantly why their brands matter. This gives an edge to smaller and medium size companies who in the past had to rely on mass media to build the awareness among consumers that their brands do exist. Being able to get your brand or product in the forefront with marketing will not only allow for increased brand awareness which is crucial for any brand to succeed it will allow consumers to have trust in the brand which will directly increase sales. Also, this research indicates there are multiple hypothesis between customer awareness, trust, brand image, purchase intentions, brand loyalty and brand equity. If all these variables were to be tested, there would be a possibility of multicollinearity which sometimes can make test results rather dubious.

Literature shows the importance of brand awareness for brand/consumer loyalty. With all the alternatives on the market today it is vital for consumers to know about what makes the brand different or what added benefit they receive from buying a certain brand. If there is no added benefit, there is no reason

for a consumer to be loyal to a brand and will almost always choose the cost leader for the product category. The brand loyalty becomes the core component of brand equity and thus a higher brand loyalty will generate higher profits and market share. In that case, it can reduce the marketing cost and may be helpful to build brand equity.

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