

# Investigating the Effect of Drivers of Customer Equity on Continuance Use Intention of Branded Apps: A Study of Instagram's App

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## ABSTRACT

Customer equity, which is one of the key factors in modern marketing, has been recognized as an influential factor in customer loyalty and their behavioral intention. To better understand and manage customers' or users' behavioral intentions, it is necessary to find out the effect of customer equity on them. Customer equity includes the three main drivers of value equity, brand equity and relationship equity. The present research also seeks to investigate the effect of customer equity drivers on customer continuance use intention, as well as the mediating role of brand loyalty in this regard. The statistical population of the research was the users of Instagram app in a public university in Tehran. The results of the data analysis showed that the brand equity affects the brand loyalty, the relationship equity influences brand loyalty, value equity impacts customer behavioral intention, relationship equity affects customer behavioral intention and brand loyalty is effective on customer behavioral intention.

## KEYWORDS

attitudinal loyalty, behavioral loyalty, brand equity, Brand loyalty, Branded apps, Continuance use intention, Customer value, Drivers, relationship equity, value equity

## INTRODUCTION

With the incredible growth of mobile communication technology and then smartphones, all kinds of mobile applications have spread in all aspects of human life (Purcell, Entner, and Henderson 2010 & Kim, Lin, & Sung, 2013). The growth of mobile applications has helped marketers enjoy "branded apps". Marketers use these applications as a communication platform between the consumer and the brand because consumer interaction with branded apps leads to a more favorable attitude towards the brand. (Garg and Telang, 2013).

In the last decade, branded apps, along with other technologies in the digital age such as the Internet of Things, virtual reality have provided exciting opportunities for marketers (Wang, 2020). Also, social media has infiltrated everyday life and has led to a paradigm shift in the way people communicate and interact (Li, Yang, Zhang, & Zhang, 2019).

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With the ubiquity of powerful mobile devices and high-speed wireless network infrastructure, the boundaries between a web and its mobile version are blurring, and most social media have become mobile-based (Humphreys, 2013; Molinillo, Aguilar-Illescas, Anaya- Sánchez, & Liébana-Cabanillas, 2021). Accordingly, the number of people using branded social media apps on their mobile phones has increased rapidly. These applications are software based on mobile devices (such as smartphones or tablets) with location-based services that enable people to continuously interact with others over wireless networks (Li, et al., 2019; Pang, & Ruan, 2023).

Such branded apps are very popular all over the world. Instagram, Wechat, TikTok and Weibo are among the popular media (Zhang, Xu, & Ye, 2022). TikTok is available in more than 150 countries by 2023, has more than 1 billion users, and has been downloaded more than 210 million times in the U.S. alone. Instagram is another social media that has at least 1.318 billion users worldwide until January 2023. (datareportal.com, 2023). There is heavy competition among these branded apps, and social media brand loyalty and continued use intent are critical for these apps. However, less research has been done specifically on branded apps in the context of social media.

The role of various factors such as customer value, brand features and marketing communication features are considered in behavioral intention (Bauer et al., 2008; Kwon et al., 2007 McDonald & Stavros, 2007). Customer equity, which is one of the key factors in today's business marketing, is recognized as an effective factor in customer loyalty and behavioral intention (Ramaseshan et al., 2013).

To better understand and manage customers or users' behavioral intentions, it is necessary to know the effect of customer equity on it. According to Rust et al. (2000), customer equity framework includes three main drivers of value equity, brand equity and relationship equity. In this research, the effect of these factors is discussed on the behavioral intention of the users of Instagram app in a public university in Tehran. In addition, in this research, the role of brand loyalty factor is also considered as a mediator. Therefore, the present research pursues the following objectives:

- 1- Investigating the effect of customer equity drivers on behavioral intention
- 2- Investigating the effect of customer equity drivers on brand loyalty
- 3- Investigating the effect of brand loyalty on behavioral intention
- 4- Investigating the effect of customer equity drivers on behavioral intention indirectly through brand loyalty

The current research is followed in the form of four main parts. At first, research literature is presented and past researches are explored. In the second part, the methodology of the research is presented. In the third part, research findings and statistical reports are presented. Finally, it includes discussion, conclusion and theoretical and practical applications.

## **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Branded Apps**

Branded apps are installed on mobile devices such as smartphones and tablets or downloaded from various software stores such as Google Play and Apple App Store (Hoehle and Venkatesh, 2015). Branded apps allow consumers to use functional features without time limits and can also be upgraded to higher versions (Zhao and Balague, 2015). They facilitates the attraction of consumer attention and are effective in increasing brand popularity, brand equity and behavioral intention (Vieceli and Shaw 2010; Baek & Yoo, 2018).

Branded apps have new features beyond websites due to the capabilities of smartphones such as camera, GPS, touch screen, and as a result, they create distinct value and a better experience for customers. The main difference between a branded app and a website is that in order to access information and use the app, customers must first download and install the app and then periodically update it and give their voluntary permission for this. This observation highlights the active role of customers when using a branded app (Fang, 2019).

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