

Chapter 10

Consumer Relationships With Brands

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ABSTRACT

A brand can be one of a firm's most valuable assets; however, the value of a brand is contingent on the perceptions, attitudes, and behaviors of its consumers. A brand can legally belong to a firm, but its value is in consumers' hands. Thus, it is important to know how a brand can connect with its users and how to build strong brand relationships that lead to consumer loyalty and advocacy for a brand. Brands can also influence the adoption of new products by helping consumers to reduce the uncertainty of new product adoption. This chapter addresses how marketing strategies can enhance brand relationships.

INTRODUCTION

Apple was ranked the most valuable global brand in 2013 by the prestigious consulting firm Interbrand. This means that if Apple lost all of its tangible assets (e.g. buildings, land, and machinery) and all of its intangible assets (e.g. patents, managerial strengths) except its brand, the company would still have an asset worth of 98.31 billion U.S. dollars. How is this value determined? This calculation considers the present value of the expected earnings, considering the risk associated with the earnings—the higher the value, the greater the expected earnings of the brand. The Interbrand model takes into account the fundamental principles of both marketing and finance. It recognizes the added value that brands generate for their owners and the relationship between the marketing activities necessary to stimulate demand, loyalty, and value on the stock market.

The concept of brand equity recognizes that brand value depends on the perceptions, attitudes, and behaviors of consumers to which a brand is targeted. Thus, while a brand can legally belong to a firm, its value is in the consumers' hands. Measuring the value of a brand is the starting point for design, and implementing effective strategies to maintain and increase that value is the task of effective market-

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ing leaders. Aaker (1991) states that, in order to develop brand value, consumers have to go through a series of stages: first they must learn that the brand exists and the benefits they might experience from purchasing the brand. Simply put, they have to know the brand. This brand awareness by consumers represents a competitive advantage for the firm. In general, consumers feel safe and comfortable with familiar products and brands and are usually not willing to invest time and money in evaluating new options. The second part of the process of building brand relationships is creating an image or a set of associations that is appealing to the target market. How can a brand connect with its users? Brand-customer associations need to fit with the lifestyle, personality, or values of the target market population to strengthen consumers' relationships with the brand. Finally, other brand assets, such as intangible assets, brand assets, patents, and relationships with intermediaries should be preserved and nurtured. All of these assets should facilitate consumers' access to the brand and in the process build barriers to the entry of new competitors to the market. When firms satisfy all of these conditions, they can establish a strong brand relationship based on loyalty. Loyal consumers not only buy the product repeatedly, but also express their satisfaction to other consumers and recommend the brand. Loyal consumers can become the best advocates for a brand. If we accept the fact that high value brands can create long-lasting and strong relationship with consumers, we must recognize the influence of emotions in developing this relationship. Just as emotions play an important role in personal relationships, emotions also influence brand-consumer relations. Consumers hold certain brand association which can include associations with certain benefits, memories, people, and events. In other words, they feel confident that the brand will not fail them. Finally, Keller (2003) describes the value of the brand is a vital and strategic bridge that allows brands to successfully transition from the past to the future. We can conclude that the permanence of this connection and commitment between brands and their consumers enables the value of a brand to endure and grow in a competitive environment, characterized by the emergence of new technologies. Recent literature has identified the importance of understanding the audience of brands in the online environment, as it is a prerequisite for a successful brand performance (Singh & Sonnenburg, 2012). Additionally, consumers have more empowerment than ever before, because social networking sites provide a propitious context for increased personal self-exhibition with brands in front of other consumers (Cova & Pace, 2006).

This chapter will address how marketing strategies can enhance brand relationships. We will begin by discussing how brand relationships are built. We will then focus on how brand credibility can be developed. Finally, we will refer to the adoption of new products from the consumer perspective. Overall, this chapter is intended to provide managerial guidance on the basis of recent research findings on the branding and adoption of new brands and products.

1. BUILDING BRAND RELATIONSHIP

Brand Meaning

One of the most important goals of brand managers is to build strong, long-lasting brands. Strong brands often are important sources of short- and long-term revenue (Aaker 1991). Although strong brands result in higher revenue terms in the short and long run (Keller 2003), this can be measured and achieved in customer-based analogies on how consumers perceive, use, evaluate, and involve brands in their inter-personal lives. The meaning consumers give to brands comes from a dynamic process of interpretation

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