

# An Integrative Retrieval Media Conceptual Model - Brand Communication on Customer Loyalty

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## ABSTRACT

The cost efficiency and diversity of digital channels facilitate marketers' frequent and interactive communication with their customers. Digital channels like the Internet, email, mobile phones and digital television offer new prospects to cultivate customer relationships. However, there are a few models explaining how digital marketing communication (DMC) works from a relationship marketing perspective, especially for cultivating customer loyalty. In this paper, we draw together previous research into an integrative conceptual model that explains how the key elements of DMC - frequency and content of brand communication, personalization, and interactivity - can lead to improved customer value, commitment, and loyalty.

**Keywords:** digital marketing communication; personalization; interactivity.

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## I. INTRODUCTION

Marketers are learning how regular contacting affects the building and sustaining of customer relationships. The dominant logic of marketing is shifting from the exchange of goods toward service, interactivity, connectivity and ongoing relationships (Vargo and Lusch 2004). Technological innovations, new channels, and changing media environments facilitate this shift (Bhattacharya and Bolton 2000), and the question of how firms should interact with their customers is gaining in importance, especially as firms consider the cost differences between traditional communications media, such as television and sales forces, and electronic media, such as the Web and email (Reinartz et al. 2005). The cost efficiency and interactivity of digital channels facilitate ongoing dialogue between the enterprise and the customer (see e.g. Deighton and Barwise 2000; Peppers and Rogers 2004). Marketers can now be in touch with their customers on a more frequent basis and increase the level of personalization and interactivity with low or non-excessive cost. Our main claim is that being frequently in touch with customers should help achieve positive effects on customer loyalty. For instance, customers can be offered additional information and brand communication when buying products or when using them. This can include newsletters, maintenance and repurchase reminders, help for keeping their products up-to-date, and tools for interacting with friends and peers. For example, Lensmart sends their customers email reminders when they expect customers to start running out of their supply of contact lenses. Lensmart uses database and purchase information to predict the repurchase moment and produce the personalized email. This way Lensmart can sell cost-effectively to their existing customers, and automate the re-selling process. While Lensmart gains in decreased sales costs, this kind of reminder also adds value to the customer. It may strengthen customer loyalty as customers feel that Lensmart takes care of their stock and assists them to repurchase at the right time with low effort. Customers might perceive emotional value for being personally remembered and cared, and appreciate the extra service (see e.g. Cram 2001).

## II. REVIEW OF LITERATURE

For being regularly in touch with customers is also one of the central ideas of CRM. Recent studies have found that the relational information processes of CRM (regular communication, information collection, etc.) play a vital role in enhancing an organization's customer relationship performance (Jayachandran et al. 2005). Furthermore, the use of CRM applications is positively associated with improved customer knowledge and improved customer satisfaction (Mithas et al. 2005). Reinartz and Kumar (2003) show how profitable customer lifetime duration is positively related to the number of mailing efforts of the company. Simulations show that to maximize customer profitability by optimising spending the dominant form of communication should be email (Reinartz et al. 2005). While email is substantially cheaper to send than conventional direct mail, research also suggests that it can deliver significantly better response

rates (Brondmo 2000; Di Ianni 2000; Rosenspan 2000). That is, from a company point of view, digital channels offer cost efficient opportunities for a brand to keep frequently in touch with customers which not only improves marketing performance, but particularly customer loyalty. In line with Fournier’s (1998) ideas, marketers increasingly bring brands closer to consumers’ everyday life. The changing role of customers as co-producers of value is becoming increasingly important (Prahalad and Ramaswamy 2004). Interactivity in digital media offers customers better options to search for information, work as initiators, and get help. Interactivity also offers customers new ways to spend time with a brand, like playing games, participating in an activity on a website, or learning about the product or service they are using. This is what Canon pursues with iMage Gateway service, which can lead to improved customer involvement and satisfaction. Interactivity also provides marketers with more information about customer needs, preferences and interests. Furthermore, interactive and virtual brand communities, like those built by Harley Davidson and Ducati, bring consumers with specific interests together from different geographic areas to strengthen their brand loyalty (McAlexander et al. 2002; Wind et al. 2002, 97). McDonald’s uses online channel to reinforce brand messages and relationships. They have focused their online community building on communities for children, such as the Happy Meal web site with educative and entertaining games (Rowley 2004).

### III. FINDINGS OF THE RESEARCH

To conclude, interactivity is likely to positively moderate the effects of brand communication on customer loyalty by increasing the number of brand contacts and time spent with the brand. Similarly, interactivity can enhance customers’ service perceptions and bring more value because customers have better tools and options to control service situations, get help in problematic situations, and to modify their service profiles. Based on this discussion, we propose the following:

- Proposition 4a: Customers’ usage of interactive brand communication functions positively moderates the effects of brand communication on customer loyalty.
- Proposition 4b: Company’s well-designed interactive brand communication processes positively moderate the effects of brand communication on customer loyalty.
- Proposition 4c: Customers’ perceived value of interactivity in brand communication positively moderates the effects of brand communication on customer loyalty.
- Proposition 4d: Customers’ increased time spent with a brand positively moderates the effects of brand communication on customer loyalty.

Table 1 summarizes the integrative model and its propositions discussed in previous sections.

**TABLE 1 Propositions of an Integrative Model of the Effects of Digital Marketing Communication on Customer Loyalty**

Model Components and Propositions		Effects on Customer Loyalty	
		Behavioral	Attitudinal
Regular Brand Communication	P1a, P1b	+	+
- Frequency	P1c	+/-	+/-
- Content: relational	P2a, P2b	+	+
- Content: promotional	P2c, P2d	+/-	-
Personalization	P3a, P3b, P3c	Positively moderates the effects of brand communication	
Interactivity	P4a, P4b, P4c, P4d	Positively moderates the effects of brand communication	

### IV. CUSTOMER CHARACTERISTICS

All customers are not equally responsive to DMC or willing to engage in it. It is useful for a company to know which customers have the most future potential, and which are more likely worth the investments in extensive communication and relationship building.

For example, according to Cram (2001, 80-84), customers have four primary needs and motivations, which drive their behaviour and relationship orientation. Best-deal customers seek for lowest price, and there is no value in a relationship for them. Novelty seekers are innovators, whose driving force is curiosity. They seek variety and take risks. Involvement customers want to belong, to be recognized and to be regularly in touch with the marketer. Certainty customers avoid risks and do not want any surprises. They want continuity but do not actively seek a relationship with the supplier. Kwak et al. (2002) surveyed Internet users and explored consumer attitudes, Internet experiences, demographics, and personality traits that may potentially influence consumers’ online purchasing, and the type of purchases they are willing to make. In the study it was found that gender (male), high income, and opinion leadership increase the odds for online purchases. Furthermore, it was found that consumers’ web purchasing may not be considerably enhanced by their mere exposure to Internet advertising. Instead, online consumers’ buying behaviour

may be rooted in their self-generated interests with the subjects of the web before they surf the online marketplace. It is important to examine what drives consumer attitudes towards using online and other technology-based services. Dabholkar and Bagozzi (2002) tested the moderating effects of consumer traits and situational factors on attitudes and intentions toward using technology-based self-services. They identified ease of use, performance, and fun to have direct effects on attitudes toward using the services, and self-efficacy (level of confidence to use technology-based self-service), inherent novelty seeking, need for interaction (with a service employee), self-consciousness, perceived waiting time, and social anxiety (discomfort through perceived crowding) to be moderating variables. Similarly, consumers' tendency to engage in web communities and other relational activities varies a lot, depending on their communal, exchange, and relationship orientation traits (Mathwick 2002).

## **V. INVOLVEMENT**

Different products and services can be differently suitable for digital marketing, and the opportunities for relationship building can also be diverse. Involvement concerns an ongoing commitment on the part of the consumer with regard to thoughts, feelings, and behavioral responses to a product (Gordon et al. 1998). Product involvement affects consumer's relationship proneness (Christy et al. 1996; Dick and Basu 1994; Gordon et al. 1998; Pine II et al. 1995; Warrington and Shim 2000). For example, cosmetics, cars and clothes are high involvement products to many consumers (Fisher 1985; Kapferer 1998, 31). In the case of low-involvement products, brand choice is less connected with the consumer's lifestyle and variety seeking is increased; it is therefore easier to attract consumers to switch brands with promotions (de Chernatony 1998, 75). Involvement affects the way in which customers process marketing communication. When involvement is high, consumers devote more attention to advertisements, exert greater cognitive effort to understand them, and focus more attention on product-related information (Celsi and Olson 1988; Petty et al. 1983). The Elaboration Likelihood Model states that high involvement increases the likelihood of elaboration (i.e. the central/cognitive route of attitude formation), which results in more enduring attitude change (Chaiken 1980; Petty et al. 1983; Wright 1973).

A consumer's involvement also affects how different media evoke responses. Retrieval media (print and Internet) are more effective under high product involvement, whereas delivery media (television) are better suited for influencing uninvolved consumers (Dijkstra et al. 2005). On the web, those with high product involvement are more interactive with product-related content than those with low involvement (Chung and Zhao 2004). Gordon et al. (1998) also argue that when involvement is high, buyers are more likely to value customization of the marketing mix, interaction with the company representatives, and an ongoing relationship with the firm.

## **VI. RELATIONSHIP**

Customer relationships tend to be very heterogeneous; they differ in duration, strength, interactivity, and in many other aspects. Customer relationships also change dynamically over time, and are shaped by different stages and incidents. There are a number of factors embedded in the relationship between a marketer or a brand and the customer that have an impact on how DMC affects loyalty. Next, we discuss these factors.

### **Brand Familiarity and Loyalty**

Brand familiarity reflects the extent of a consumer's direct and indirect experience with a brand, familiar and unfamiliar brands differing in terms of the knowledge regarding the brand that a consumer has stored in memory (Alba et al. 1987; Campbell and Keller 2003; Kent and Allen 1994). It has been found that communication effectiveness depends on the prior familiarity of the brand: repetition wearout is postponed when the brand is familiar to the consumer (Campbell and Keller 2003; Snyder and Stukas 1999). Communication from a trusted source is also expected to influence attitudes more strongly and feel more personal than from unfamiliar sources which may be disputed and thus not have as less impact on attitudes (Dick and Basu 1994; Howard-Brown 1998; Smith and Swinyard 1988).

## **VII. DISCUSSION**

We suggest that brand communication builds customer loyalty mainly through frequency and relational content. Information processing triggered by regular brand communication generates customer value and commitment. Increases in these improve customer loyalty, both attitudinal and behavioral. Personalization and interactivity moderate the effects of brand communication on customer loyalty. Finally, we propose that customer characteristics, involvement, relationship, and situational factors act as mediators.

The proposed model needs more empirical support. Because of the number of constructs and the complex relationship among them, it could be best to test it in two or more parts before testing the entire model. There are also a number of operationalization issues; while some measurement scales already exist, some have to be designed. It should also be considered carefully which parts of the model need real world behavioral data (e.g. purchases, perceptions of received brand communication) and which can be asked hypothetically in a survey (e.g. "What value would you perceive if you

would get personalized communication?”). Qualitative research could also be valuable for clarifying certain concepts and outcomes of DMC, such as information processing, perceived value, commitment, and their link to customer loyalty.

Although there are some cases where DMC has been effective, it is still unclear in which product or service categories and to what type of customers DMC works best to build and enhance customer loyalty, and where marketing via conventional channels works better. In this sense, it is similar decision like whether to use relationship marketing or not. Like Varey (2002, xv) argues: “I don’t see Relationship Marketing (RM) as a replacement for Product Marketing, but more as a further option. The clever thing will be to figure out when to adopt this strategy, and when not to do so.” In practice, companies often mix digital marketing with more traditional aspects of marketing (Coviello et al. 2003). Systems and process issues have to support this kind of multi-channel marketing (see Vesanen and Raulas 2006). Thus, the process of DMC and its integration to other marketing would also be a valuable research topic. DMC also requires permission and willingness from customers.

Although customers can perceive marketer’s personalized and interactive communication valuable, it can also raise social concerns such as privacy invasion arising from the collection and use of personal details (Evans 2003). Therefore, marketers should be cautious and follow the rules of permission marketing (see Godin 1999). Future research could focus on understanding how customers would like their personal information to be collected and used in DMC. Moreover, as our model suggests how to strengthen the loyalty of existing customers, it could also be applied to new customer acquisition. For example, if a potential customer has visited the marketer’s website and inquired something or expressed interest for receiving information about products or services, we expect it would make sense for the marketer to stay in touch with these prospects not only with promotional or selling activities but with informative and brand-related digital communication to keep the brand in the consideration set. It would be interesting to further examine the effects of this kind of interactivity and optimization of acquisition and retention efforts (see Reinartz et al. 2005).

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