

To build brand loyalty, company money better spent on advertisements that go beyond a product's surface-level appeal

April 20 2010

(PhysOrg.com) -- All advertising dollars are not created equal, according to marketing research at Kansas State University.

Swinder Janda, the Paul Edgerley Distinguished Chair in Global Business at K-State, and his colleagues suggest that businesses wanting to build brand loyalty will get more bang for their buck with [advertising](#) that focuses on the deeper meanings of a brand rather than surface-level traits.

As an example, Janda says to think about beer commercials on television. By using funny situations or showing people having a good time, many U.S. brands carry messages about the taste and image of a particular brew.

"To what degree ads actually change the way consumers think about your beer brand, you need ads that are not just party scenes and telling them to drink your beer," Janda said.

Contrast that with beer commercials in Germany, where consumers' tastes lean toward local brews. Those commercials, Janda said, focus on the quality of the beverage and may often emphasize how long the brewery has stayed in the same family.

"It means this family has been so passionate about making beer that

they've perfected it and stuck with it for 180 years," he said. "Consumers are more likely to stay loyal to such a brand based on their perception of its quality."

Janda and colleagues are publishing a study this year in the European Journal of Marketing that measured customer loyalty against advertising dollars. Janda collaborated with Hong-Youl Ha of South Korea's Kangwon National University, Joby John of Bentley University in Massachusetts, and Siva Muthaly of Australia's Swinburne University of Technology.

"We all tend to think that if you spend a dollar on advertising, it's going to realize money for your company, but does anyone really know how much?" Janda said.

To enhance validity of their findings, the researchers replicated their findings from the banking environment in a discount store environment, because these represented very diverse contexts.

"Compared to discount stores, banks involve more customer interaction," Janda said. "If this relationship between spending and customer loyalty holds true in banking, we wanted to know does it also hold true in discount stores?"

To see whether the advertising messages were being absorbed, they also took a self-reported measure of customers' perceptions of how much the businesses spent on advertising.

"For a brand such as Coca-Cola, most people would say that the company spends lots of money on advertising because of the proliferation of ads in various media," Janda said. "But if it's a smaller company, people may not perceive that they spend that much."

The researchers found that how much the companies advertised did influence brand loyalty, but not in a direct way.

"People do not see an ad and say, 'I will buy that product for the rest of my life' -- it doesn't happen like that," Janda said.

He said other things have to happen first. Customers have to try a product or service, develop a liking for it, and they have to perceive that they are getting a better value from it.

"Those things will have to happen before people decide to buy it again," Janda said.

Janda's current research has been ongoing for the past 10 years, during which he and collaborators have collected data from four business contexts to see whether companies get a monetary return when they develop strong brand identities. The researchers expect those results to be published later this year.

Provided by Kansas State University

Citation: To build brand loyalty, company money better spent on advertisements that go beyond a product's surface-level appeal (2010, April 20) retrieved 2 May 2024 from <https://phys.org/news/2010-04-brand-loyalty-company-money-spent.html>

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