THE PSYCHOLOGY OF BRAND LOYALTY: WHY CONSUMERS KEEP COMING BACK—AND HOW BRANDS CAN FOSTER IT

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ABSTRACT--

Purpose

This project report delves into the customer preferences towards banking services provided by Union Bank of India in Shamshabad. Recognizing the competitive landscape of the banking sector, this study aims to uncover the key factors that influence customer satisfaction and preferences, thereby offering insights for enhancing service delivery. To achieve this, we surveyed 150 customers of Union Bank of India in Shamshabad, gathering data on various aspects such as demographics, infrastructure, security, technology, and customer service. The analysis was performed using SPSS software, incorporating a range of statistical tests including Cronbach's alpha for reliability, multiple regression analysis, descriptive statistics, and correlation tests.

Design/Methodology/Approach:

Brand loyalty refers to the tendency of consumers to consistently purchase products or services from a particular brand over time, rather than switching to competitors. This loyalty can stem from a variety of factors, including positive past experiences, satisfaction with product quality, emotional attachment, or perceived value.

Findings:

The findings reveal that Brand loyalty is often based on perception. Customers will consistently buy the same product since they perceive it as superior to other available products. For instance, when was the last time you searched for something using a search engine besides Google? For me, I can't recall. And it's not that the user experience or interface is wildly different on other search engines. Google has built this loyalty from online users, making it the number one search engine globally

Originality/Value:

The topic stands out by blending psychological theory (behavioral, cognitive, and emotional factors) with practical marketing and brand management strategies. This fusion offers a unique angle beyond standard marketing analysis

Research Limitations/Implications:

This report not only provides a Instead of focusing purely on brand strategies or consumer behavior trends, it explores the why — what intrinsic human needs and psychological triggers drive loyalty, such as identity reinforcement, emotional security, and cognitive consistency. Practical Implications:

Understanding the psychology behind brand loyalty enables businesses to move from transactional relationships to emotional and identity-based connections. Here are the key practical implications for marketers, brand managers, and business strategists:

Social Implications:

Brand loyalty is not just a business phenomenon — it has significant social and cultural effects that influence how individuals interact with each other and how societies perceive brands. Brands become symbols of social status, lifestyle, or values, leading to the formation of brand communities or even subcultures.

KEYWORDS: *Loyalty programs, Brand equity, Brand advocacy, Customer engagement, Relationship marketing, Personalization*

JEL Codes: E10, E, G22, K22.

Article classification: Research Paper with Empirical Evidence.--

INTRODUCTION

Brand loyalty refers to the tendency of consumers to consistently purchase products or services from a particular brand over time, rather than switching to competitors. This loyalty can stem from a variety of factors, including positive past experiences, satisfaction with product quality, emotional attachment, or perceived value. Brand loyalty is when customers continue to purchase from the same brand over and over again, despite competitors offering similar products or services. Not only do customers continue engaging and purchasing from the same brand, but they also associate positive feelings toward that brand. Brand loyalty is often based on perception. Customers will consistently buy the same product since they perceive it as superior to other available products. For instance, when was the last time you searched for something using a search engine besides Google? For me, I can't recall. And it's not that the user experience or interface is wildly different on other search engines. Google has built this loyalty from online users, making it the number one search engine globally

Key Aspects of Brand Loyalty

1. **Emotional Connection**: Consumers develop a personal connection with the brand, which influences their purchasing decisions. Brands that create emotional resonance, often through storytelling or aligning with personal values, are more likely to foster loyalty.
2. **Consistency**: If a brand delivers reliable quality and meets customer expectations consistently, it can build trust and loyalty. Consistency in product performance and service plays a key role in maintaining a loyal customer base.
3. **Customer Satisfaction**: When customers are satisfied with their experiences—whether it's product performance, customer service, or the overall brand experience—they are more likely to return and make repeat purchases.
4. **Brand Advocacy**: Loyal customers often become brand advocates, recommending the product or service to others through word-of-mouth or social media. This organic promotion reinforces brand loyalty.
5. **Perceived Value**: Consumers may feel that a particular brand offers better value compared to competitors, whether through superior quality, price, features, or customer support. Perceived value is a powerful driver of loyalty.

REVIEW OF LITARATURE

- **Omar Kassim A Shaban, Liu Yao, Abdullah Alkhateeb (2017):** This study reviews the related academic studies on brand loyalty and particularly analyses the influencing factors of Brand loyalty. It starts with introducing the evolution of brand loyalty research then defines brand and brand loyalty. Fwi: her, after revisiting the grollllded theories of brand loyalty research such as the Theory of Planned Behavior (TPB) and the Technology Acceptance Model (TAM) a summary of the most frequently researched influencing factors is presented. It is hoped that the study could shed some light in facilitating researchers to further develop conceptual framework and conduct empirical research and also guiding practitioners in rationalizing market strategy.
- **Davcik etal. (2015):** Recently, the term brand has attracted the attention of researchers and practitioners and it was defined as a supplier's guarantee that it will consistently and continuously transport on its promises including promises implicitly or explicitly produced by convenience and benefits to the consenter, specific quality thresholds and tangible features.
- **Aaker, (1991):** There are some factors extending beyond the allocational characteristics that are intrinsic to services and goods that are traded under those brand names.
- **Davcik etal. (2018):** These added intangible values might tell the difference from a product to its competitors having effect not only on the conswner's preferences but increase the satisfaction levels of customers which is always leading to much greater loyalty among customers.

RESEARCH METHODOLOGY

- **Statement of the Problem**
  In today's competitive market, brand loyalty has become a significant factor that determines the long-term success of businesses. However, despite its importance, many companies struggle to cultivate and maintain brand loyalty among their customer base. This challenge is further complicated by rapidly changing consumer preferences, the rise of digital platforms, and the increasing number of alternatives available to consumers. While some brands enjoy high levels of customer loyalty, others face issues such as market fragmentation, price sensitivity, and shifting brand perceptions, which undermine their ability to retain customers over time. Moreover, the growing influence of social media and online reviews can easily sway customer perceptions, making brand loyalty increasingly vulnerable.

- **Research Gap**
  Brand loyalty is a well-studied concept, but significant gaps still exist in the research, particularly in the context of rapidly changing consumer behaviors, emerging technologies, and global markets. Identifying and addressing these gaps can help businesses build stronger, more sustainable brand loyalty programs. Below are key areas where research on brand loyalty is lacking or needs further exploration. While there is a growing body of research on traditional forms of brand loyalty, the role of digital channels and social media in shaping brand loyalty is still underexplored. Specifically, how digital engagement, social media influencers, and online reviews affect brand loyalty is not fully understood.

- **Objectives of the Study**
  - To Assess the Impact of Digital and Social Media on Brand Loyalty
  - To Understand Brand Loyalty Across Different Consumer Segments
  - To Explore the Relationship Between Customer Satisfaction and Brand Loyalty

- **Hypothesis of the Study:**
  - H_0: There is No Impact of Digital and social media on Brand Loyalty with reference to Varan Motors.
  - H_1: There is a Impact of Digital and social media on Brand Loyalty with reference to Varan Motors

- **Limitations of the Study**
  - Limitation: Despite a strong brand loyalty program, customers in the automotive sector can still be highly price-sensitive. In competitive markets, where prices fluctuate due to discounts, promotions, or economic conditions, loyal customers may be tempted to switch to other brands if they find a better deal.
  - Impact: This price sensitivity can undermine long-term loyalty, especially if competitors offer similar products or features at a lower price.
  - Example: If Varun Motors does not align its pricing strategy with market expectations or offers comparable value, even loyal customers may abandon the brand in favor of cheaper alternatives.

ANALYSIS & INTERPRETATION
Confirmatory Factor Analysis
Fit Indices (FI_1)

Fit Indices	Observed	Result
$CMIN_1$	2.015	Acceptable Fit
CFI_1	0.950	Acceptable Fit
TLI_1	0.935	Acceptable Fit
$PNFI_1$	0.692	Acceptable Fit
$RMSEA_1$	0.087	Acceptable Fit
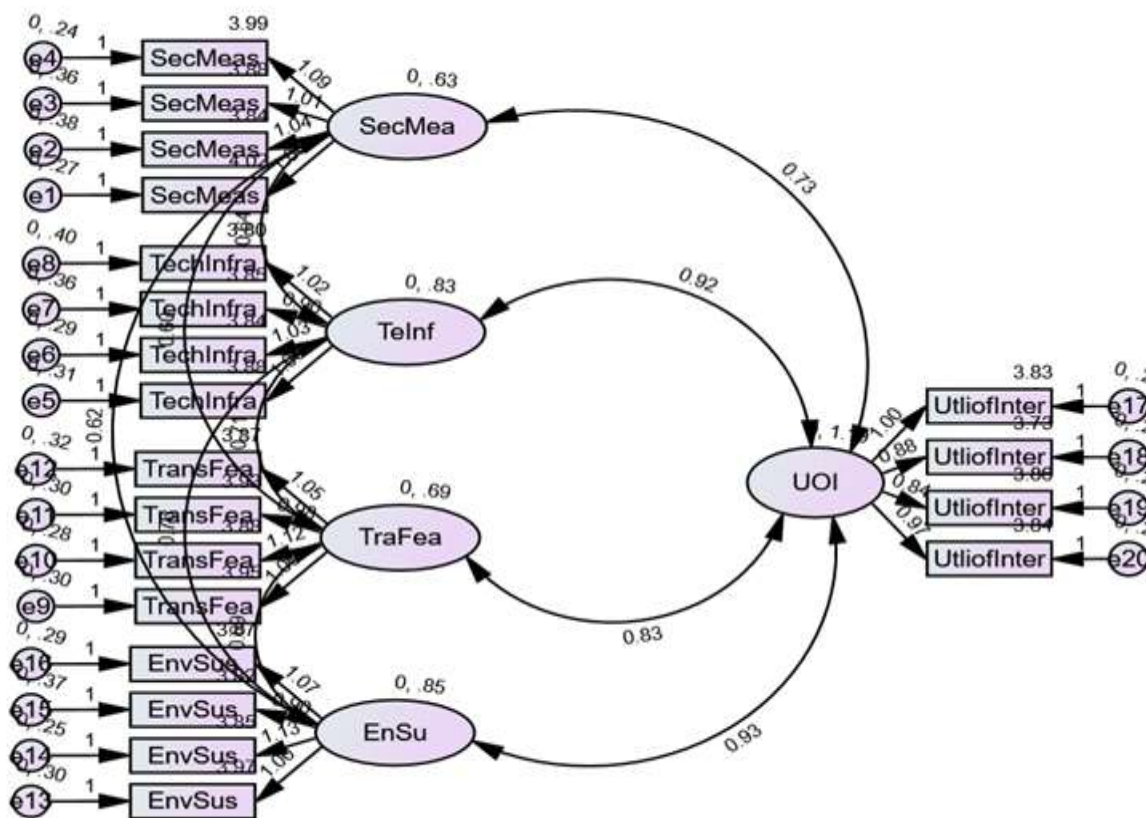
Interpretation

The table summarizes the evaluation of a statistical model using various fit indices, each providing insights into how well the model conforms to the observed data. These indices are essential for understanding the adequacy of the model's structure in representing the relationships among variables. The Chi-square to Degrees of Freedom Ratio (CMIN/DF), known as CMIN1 here, reflects an acceptable fit. This indicates that the discrepancy between the expected and observed covariance matrices is within a reasonable range, suggesting that the model's assumptions are not significantly violated.

The Comparative Fit Index (CFI1) and the Tucker-Lewis Index (TLI1) also report acceptable fits. These indices evaluate the model relative to a baseline model, usually the null model with no relationships among variables. Their levels indicate that the model replicates the observed data well, considering the complexity of the model and the degrees of freedom available.

Structural Equation Modelling (SEM)
Fit Indices (FI$_2$)

Fit Indices	Observed	Result
CMIN$_2$	2.591	Acceptable Fit
CFI$_2$	0.901	Acceptable Fit
TLI$_2$	0.923	Acceptable Fit
PNFI$_2$	0.782	Acceptable Fit
RMSEA$_2$	0.082	Mediocre Fit

Interpretation

The table presented summarizes the results of several fit indices used to evaluate the goodness of fit for a statistical model. Each index provides a different lens through which the model's performance can be judged, contributing to an overall understanding of how well the model represents the data. The Chi-square to Degrees of Freedom Ratio (CMIN/DF), often reported as CMIN2, shows an acceptable fit, indicating that the model does not overly deviate from the observed data. This measure is crucial as it suggests that the discrepancies between the expected and observed covariance matrices are reasonable, given the model's complexity and the sample size.
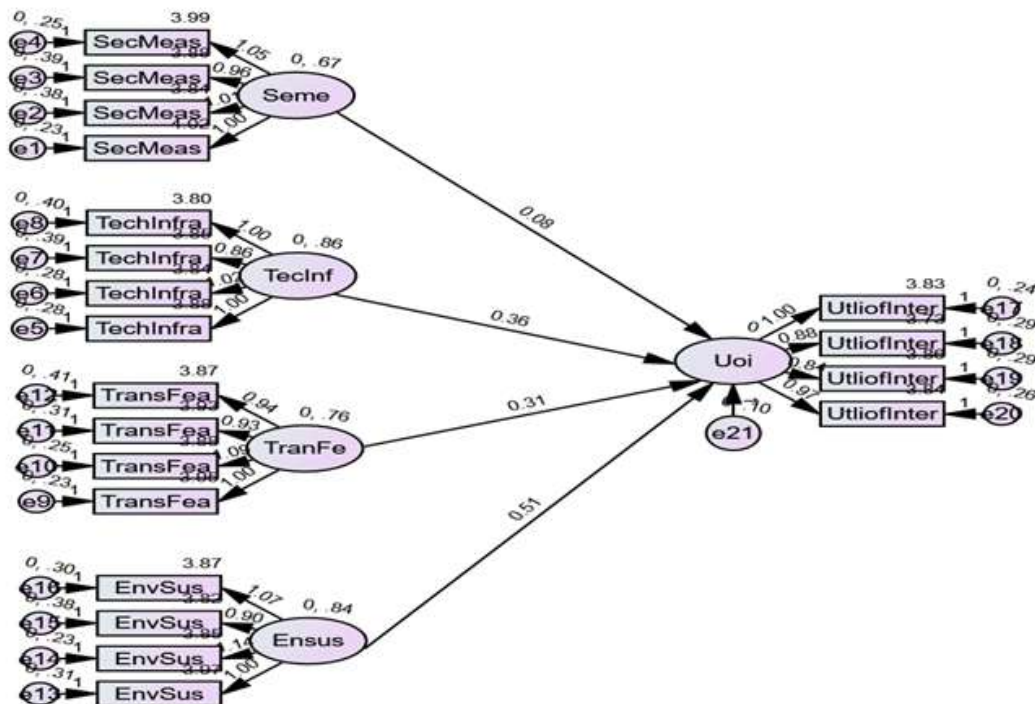
Data Validations

The study found that security measures are a critical factor in the adoption and usage of internet banking services. Customers prioritize secure platforms, suggesting that banks should continue to invest in and highlight their security protocols to attract and retain users. Additionally, the technology infrastructure of internet banking services plays a significant role in user engagement. A reliable and technologically advanced infrastructure facilitates a seamless user experience, which in turn encourages more frequent use of internet banking services. Transaction features also have a considerable impact on utilization rates. The availability of diverse and reliable transaction options enhances customer convenience and satisfaction, leading to greater use of the service. This highlights the need for continuous improvements in transaction capabilities to meet evolving customer expectations. Environmental sustainability emerged as an unexpected yet influential factor. The study reveals that users are increasingly considering the sustainability practices of their banks when choosing to engage with internet banking services. This trend points towards a growing consumer preference for environmentally responsible companies, suggesting that banks should integrate sustainability into their operations and marketing strategies to capitalize on this sentiment. Overall, these findings underline the multifaceted nature of user engagement with internet banking services, encompassing security, technological sophistication, functional features, and corporate responsibility. Banks that address these areas effectively can enhance their competitive advantage and foster deeper relationships with their customers.

CONCLUSION

45% of the respondents are MARUTHI customers and hence it is most preferred CAR brand out of various brands. MARUTHI 1500CC is the most preferred model out of all products60% of the respondents are considering MARUTHI brand before purchasing there for use. Most of the respondents are getting information through friends Before purchasing the CAR. Most of the respondents are wanting good satisfaction with dealer Service comparing to other brands. Most of the respondents are giving more preference to mileage. 60% of the respondents are affecting by their friends and relatives

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