

A Comprehensive Study on the Influence of Brand Loyalty on Consumer Perception towards the Effectiveness of Comparative Advertising Strategies

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Abstract

The present research investigates the impact of Brand Loyalty on consumers' perceptions towards comparative advertising. The objective is to comprehend the ways in which these variables assist or hinder the efficacy of comparative advertising, thereby enabling marketers to enhance their approaches to execute more focused campaigns. This study employs a quantitative design and is conducted across two product categories, each having a sponsoring and a compared brand. The purpose of the findings is to offer insights regarding the relation between brand loyalty and the consumer perception of comparative advertising. The findings of the study reveal that Brand loyalty towards the compared brand (measured as cognitive, affective and conative) is found to have a significant negative impact on consumer perception of the ads by sponsoring brand (measured across dimensions like informativeness, credibility, believability and likeability). Also, it is discovered that brand loyalty makes consumers perceive comparative ads as more offensive. However, the quantum of the relation differs across product categories.

Keywords: *Brand loyalty, Consumer perception, Comparative advertising, Consumer behavior, Marketing strategy, Advertising effectiveness.*

1.0 Introduction

Federal Trade Commission defines Comparative Advertising as “advertising that compares alternative brands on objectively measurable attributes or price, and identifies the alternative brand by name, illustration or other distinctive information” (Bertand et al,2013).The brand which uses this type of ad for the promotion of their product is called the “sponsoring brand” and the brand/s against which the ad is placed is called the “compared brand”. Although its efficacy has been the subject of debate, comparative advertising remains a potent instrument for advertisers. Comparative advertisements contain more objective information signals than non-comparative ones, and consumer processing mode and information type consistency are crucial for persuasion. (citation). If a new entrant emphasizes similarities with the established brand, comparative advertising may have a more pronounced positive impact. Effective comparative advertisements are best when direct for brands with a low market share, indirect for brands with a moderate market share, and non-comparative for brands with a high market share.(Botha, C. 2022) Product positioning is where comparative advertising is most effective, and it has a substantial impact on consumer purchasing behavior. The effectiveness of the comparative advertising can be judged based on various factors, but the research is narrowed down to brand loyalty towards the compared brand and consumer perception of comparative advertising by sponsoring brand(Wu & Wen 2019).

The extant literature mentions that consumers who are loyal to a brand may dislike an advertisement which compares itself with their preferred brand. Consumers who exhibit substantial brand loyalty to the compared brand(s) in comparative advertisements may be more likely to resent the comparative claim(s) and to disbelieve them, perhaps in response to cognitive dissonance (Goodwin & Etgar, 1980). Consumers who are reported users of the sponsoring brand tend to rank the message claims significantly more favorably than do users of competing brands. (McDougall, 1977). Hence it is posited that brand loyalty has a negative impact on consumer perception towards comparative advertising.

Objectives

To determine impact of Brand loyalty on Consumer Perception about Comparative Advertising

Hypothesis

(H1): Brand loyalty significantly influences consumer perception about comparative advertising.

2.0 Literature Review

2.1 Consumer Perception of Comparative Advertising

(Soscia et al.,2010) Comparative advertising's communicative effectiveness is lower than non-comparative ad copy, suggesting it may not be as rewarding for new brands in Indian cultural environments. (Nardi et al.,. 2020) (Adhikari, K., & Panda, R. K. 2019) However, it may work better with subjective appeals. (Liligeto, E. N. R. 2012) in the research indicated that evaluating comparative advertisements requires higher levels of personal relevance, which can influence the effectiveness of the advertisement. Individual differences in familiarity, and visual imagery can affect consumer receptivity and receptiveness. (Handriana, T. 2017) further mentioned that product significantly influences consumer attitudes, brand preferences, and perceptions, aiding market segmentation. High perceptions towards the products lead to more interest and positively impacts comparative advertisements. Advertising strategy affecting decision processes and information search. Felt high perceptions motivates attention and comprehension, while audience perceptions moderates' effectiveness.

There have been many researches which measure the different aspects of perception. Harmon, Razzouk, & Stern (1983), they talked about the information content of comparative advertisements. Golden (1979) investigated perceptions of believability, credibility, quantity of information, and usefulness of information. (Pechman & Stewart, 1990) mentioned how Consumers perceive comparative ads interesting and hence likeable Wilson (1976) stated comparative print ads are perceived as more offensive and less believable.

This study measures consumer perception towards the comparative advertisements is by five parameters namely informativeness, believability, likeability, credibility and offensiveness.

2.3 Brand Loyalty

(Ningthoujam et al.2020) Loyal customers are valuable to companies due to repeat purchases and word of mouth. Brand loyalty is a behavioral response, influenced by psychological processes, and can be divided into attitudinal and behavioural dimensions (Nikou et al.,2016). The concepts of cognitive, affective, and conative dimensions has been applied to understanding brand loyalty. We explored how each dimension relates to brand loyalty: Cognitive components is focus, attention etc. that a consumer gives to his recent purchases. The affective dimension of brand loyalty encompasses consumers' emotional connections and feelings towards a brand. This involves the positive emotions, attitudes, and sentiments that consumers associate with a brand. The conative dimension of brand loyalty relates to consumers' behavioral intentions and actions towards a brand. This involves the actual purchase behavior, repeat purchase intentions, and advocacy or recommendation of the brand to others. Matthews, D. R., Son, J., & Watchravesringkan, K. (2014).

3.0 Research Methodology

The study examines variables using primary and secondary data sources. Two product categories (Chocolates & Mobile phones) with two brands (sponsoring and compared) each was conducted. A questionnaire assesses brand loyalty towards the compared brands, and their impact on consumer perception towards comparative advertising. Brand loyalty was measured by a scale adopted from a study by Quester and Lim (2003). Post the literature review, we were able to list down five constructs that will be used for measuring the perception of consumers towards comparative ads (appendix 1). Convenience sampling, a non-probability sampling method, was used to collect data from 275 respondents varying in the age group of 18-25-year-olds. SPSS software is used for regression analysis and the Cronbach alpha was used to test the reliability of the questionnaire.

4.0 Data Analysis

The data collected was first tested for reliability of the constructs. The reliability scores of the constructs were as follows. Almost all reliability scores are above 0.8, which is a good indicator of a reliable scale.

Table 4.1: Reliability Scores

Variable/Construct		No. of Statements	Cronbach alpha
Perception	Informativeness	3	0.906
	Credibility	4	0.905
	Believability	2	0.832
	Likeability	2	0.889
	Offensiveness	2	0.698
Brand Loyalty	Cognitive loyalty	4	0.828
	Affective loyalty	7	0.945
	Conative loyalty	5	0.874

We have hypothesized two variables i.e. one dependent variable (consumer perception towards brand loyalty) and one independent variables (consumer brand loyalty in our study. We, thus, need to run regression analysis to test if our independent variables significantly predict our dependent variable.

Table 4.3: Relationship between Cognitive Loyalty and Consumer Perception towards Comparative Advertising: Regression results

Independent variable \ Dependent variable		Cognitive Brand Loyalty							
		Mobile phones				Chocolates			
		R sq.	Beta	t-value	Sig.	R sq.	Beta	t-value	Sig.
Perception	Informativeness	.132	-.36	-4.5	.000**	.143	-.37	-4.8	.000**
	Credibility	.172	-.41	-5.2	.000**	.161	-.41	-5.2	.000**
	Believability	.106	-.32	-3.9	.000**	.137	-.37	-4.7	.000**
	Likeability	.196	-.44	-5.6	.000**	.017	-.41	-5.3	.000**
	Offensive-ness	.032	-.17	-2.1	.014	.043	-.21	-2.5	.013

**Regression is significant at the 0.01 level (2-tailed)

The above table shows that cognitive brand loyalty has a significant effect on perception under both the product categories, except for offensiveness. This shows that cognitive loyalty has predicting capabilities for consumer perception of comparative advertisements.

Table 4.4: Relationship between Conative Loyalty and Consumer Perception towards Comparative Advertising: Regression results

Independent variable \ Dependent variable		Conative Brand Loyalty							
		Mobile phones				Chocolates			
		R sq.	Beta	t-value	Sig.	R sq.	Beta	t-value	Sig.
Perception	Informativeness	.072	-.26	-3.1	.002**	.110	-.33	-4.1	.000**
	Credibility	.101	-.31	-3.8	.000**	.147	-.38	-4.9	.000**

	Believability	.027	-.16	-1.9	.059	.104	-.32	-4.0	.000**
	Likeability	.079	-.28	-3.3	.001**	.168	-.14	-5.3	.000**
	Offensive-ness	.015	-.12	-1.4	.158	.042	-.20	-2.4	.015

**Regression is significant at the 0.01 level (2-tailed)

The above table shows that for mobile phones the conative brand loyalty affects informativeness, credibility and likeability significantly and negatively but It has no significant impact on consumer perception of believability and offensiveness.

Table 4.5: Relationship between Affective Loyalty and Consumer Perception towards Comparative Advertising: Regression results

Independent variable \ Dependent variable		Affective Brand Loyalty							
		Mobile phones				Chocolates			
		R sq.	Beta	t-value	Sig.	R sq.	Beta	t-value	Sig.
Perception	Informativeness	.054	-.23	-2.7	.007**	.129	-.35	-4.5	.000**
	Credibility	.094	-.30	-3.6	.000**	.134	-.36	-4.6	.000**
	Believability	.033	-.18	-2.1	.036*	.120	-.34	-4.3	.000**
	Likeability	.099	-.31	-3.7	.000**	.170	-.41	-5.3	.000**
	Offensive-ness	.017	-.13	-1.5	.133	.050	-.22	-2.7	.018

**Regression is significant at the 0.01 level (2-tailed)

*Regression is significant at the 0.05 level (2-tailed)

The affective loyalty has a significant relationship with perception under both the product categories. Except for the perception of offensiveness.

The study reveals that consumers perceive comparative advertising similarly across mobile phones and chocolates, but there is variability within each category. Brand Loyalty is a significant predictor of perceptions of informativeness, credibility, believability, and likeability. However, it does not significantly predict offensiveness. Understanding these factors can help marketers develop more targeted and effective advertising strategies.

5.0 Discussion

Cognitive brand loyalty has a significant negative impact on perception, with higher emotional commitment reducing the perceived information and credibility of comparative ads. Affective brand loyalty was observed to have a significant negative impact on the perception of comparative ads which points that higher the emotional connect with the compared brand, lesser will the consumers perceive of comparative ads. Conative brand loyalty, the commitment to rebuying the brand, has a negative impact on perception. Thus, the study proved the acceptance of the alternate hypotheses.

6.0 Managerial Implications

This study examines the use of Comparative Advertising in marketing for two types of products: shopping goods (mobile phones) and convenience goods (chocolates). Consumers who exhibit substantial brand loyalty to the compared brand may perceive comparative ads negatively, potentially due to cognitive dissonance. Therefore, advertisers should avoid using Comparative Advertising in markets with a large loyal consumer base of competing brand.

The impact of independent variables differed across product categories. Demographics also showed that consumer perception towards comparative ads differed across gender and income level. In conclusion, brand loyalty are crucial

factors affecting perception towards comparative advertising. These findings may be useful for managerial decision-making in promotion techniques.

7.0 Conclusion

The research found that when it comes to ads that compare products, people's perceptions and loyalty towards brand really matter. This is important because comparative ads are becoming more popular and powerful. These discoveries can be helpful for managers when deciding on ways to promote products

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Appendix 1

Measurement scale for Consumer perception towards Comparative Advertising

Constructs	Measuring statements	Authors
Informativeness	Comparative ads provide too much information	Harmon, Razzouk, & Stern (1983); Wilson R. (1976); Rogers & Williams, (1989); Earl & Pride(1980); Golden (1979); & (Grewal et al., 1997)
	The information provided in these ads is very useful	
	The information is precise in nature	
Credibility	The sponsoring company in these ads is very trustworthy	Prasad (1976); Gotlieb & Sarel (1992); Dorge and Darmon (1987); & Golden (1979)
	These ads seem logical to me	
	I would be confident in recommending these ads to others	
	The source of information of these ads is reliable	
Believability	The claims made in the ads are possible	Levine (1976); Wilson(1976); Golden (1979); Wilkie and Farris (1975); Grewal et al. (1997)
	The claims made in the ads are truthful	
Likeability	I find these ads attractive	Kinra & Prasad (1990); Shimp & Dyer (1978); Pechman & Stewart (1990)
	I find these ads interesting	
Offensiveness	I think these ads are moral	Wilson(1976); Kinra & Prasad (1990)
	I think these ads are offensive	