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Digital Brand Equity as a Driver of Consumer Loyalty: An Empirical Study

[1]Dr. J Joshua Roy, [2]Dr. Ajitharani Unnikrishnan, [3]Dr R Nandhini, [4]Dr.K.Mohan Kumar, [5]Dr. Yogesh Mehta, [6]Dr. Shashila.S

[1]Associate Professor, Department of MBA, Sri Ramakrishna College of Arts and Science, Coimbatore

[2]Assistant Professor, PG and Research Department of Commerce and Management Studies, Sri. C Achutha Menon Government College Thrissur, Kerala State

[3]Deputy Director, CDOE, Amet Deemed to be University, Chennai

[4]Associate Professor, Department of Management Studies, SNS College of Technology, Coimbatore

[5]Professor, School of Commerce and Management, SGT University, Gurugram, Haryana 122505

[6]Assistant Professor, Department of Commerce, Vels Institute of Science, Technology and Advanced Studies (VISTAS), Pallavaram, Chennai 600117

Abstract

Today, in the modern business landscape, digital platforms like social media, ecommerce websites, mobile apps, or online communities have proved to be vital for fostering and maintaining brand value. Digital Brand Equity is the worth that the brand accrues through its digital footprint, digital engagement and consumer perception online. Establishing digital brand equity can help organisations gain a competitive edge, gain customer's trust, increase their brand awareness and ultimately customer loyalty. As per Loyalty Matters, there is a clear linkage of customer loyalty and successful businesses as loyal customers are more inclined on repeat purchase, recommending the brand and maintaining a long term relationship with the business. This study adopted a quantitative research approach to examine the influence of digital brand equity on consumer loyalty. Primary data were collected through a structured questionnaire administered to consumers. A convenience sampling technique was employed to select respondents due to its ease of access and suitability for the study objectives. 128 valid and usable responses were retained for the final study. The collected data were coded and analyzed using statistical techniques. Descriptive statistics, including frequency and percentage analysis, were used to summarize respondent characteristics and satisfaction levels. Furthermore, the Chi-square test was employed to examine the association between demographic variables and digital brand equity as a driver of consumer loyalty. The findings were interpreted at a 5 percent level of significance.

Keywords: Digital brand awareness, Perceived Digital Quality, Digital Brand Trust and Digital Customer Engagement

Introduction

The digital revolution has changed consumer behavior and business operation in every sector. Today, the Internet plays a vital role for consumers, as they use it to obtain information, compare products, read consumer reviews, and connect with brands. Due to this, businesses are spending a lot of money on digital marketing tactics to improve their online presence and build genuine relationships with the customers. Brand equity was already known to be a valuable intangible asset that adds to the organization's performance for a long time. In the past, brand equity was related to brand awareness, perceived quality, brand associations and customer loyalty. But with the advent of digital platforms, brand equity has broadened its scope and hence came Digital Brand Equity. Digital brand equity is the perception, experience, and interaction of a brand in digital settings. A digital brand has a significant potential to impact consumer behavior, decision-making process, and brand loyalty. By effectively managing their digital footprint, organizations can forge emotional connections, improve customer satisfaction, and foster customer loyalty. Hence, digital brand equity–consumer loyalty relationship has come under the spotlight of marketers, researchers, and business leaders.

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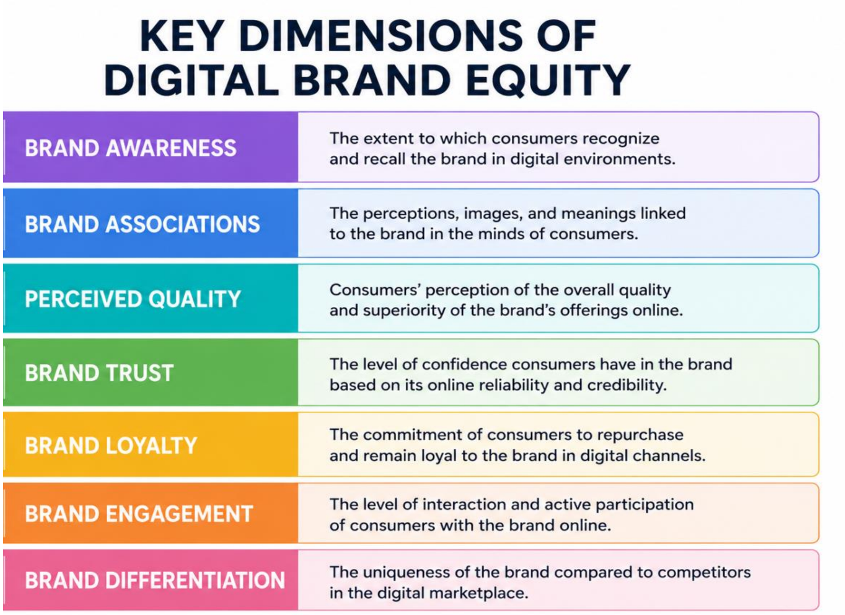
Research Background; Digital Brand Equity

Digital Brand Equity is the value that a brand can create via digital avenues and online consumer engagement. It represents the digital experience that consumers have which influences their perception and assessment of a brand. Digital brand equity is fostered in a number of digital touchpoints such as websites, social media, online advertisements, mobile applications, email marketing, and digital customer service communication.

Traditional Brand Equity is more about brand value creation and customer loyalty, while Digital Brand Equity lies more in the realm of real-time customer interaction, interactivity, and personalization. Customers are proactively involved in the digital branding process by leaving reviews, comments, recommendations and social media posts. As a result, digital brand equity is very dynamic, and it is created by both company products and by consumer's products.Successful digital brand equity hinges on the capacity of a brand to produce consistent, authentic and valuable experiences on digital channels. Digital engagement and positive consumer perceptions of brands that provide great online experiences are likely to drive brand loyalty.

Figure: 1



Key Dimensions of Digital Brand Equity

1. Digital brand awareness: Recognize and recall of a brand on the Web. The more consumers that are aware of a brand, the more often they will think about the brand when shopping.
2. Perceived Digital Quality is the Consumer perception of the quality of the Product/Service offered by the brand and brand experiences online. Certain factors can impact perceived quality, such as how easy the site is to navigate around, how quick users can get access to the mobile site, the quality of content, the user experience and digital customer support. When customers value a brand's creation of a quality experience, they will trust it more and be satisfied with the brand, which will result in customer loyalty.
3. Digital Brand Trust: It is imperative trust is one of the key factors of digital brand equity. When buying online, consumers are frequently caught up in doubts regarding the authentication of the product, its security and privacy. Any brands that can generate consumer trust by being transparent, reliable and acting ethically, can build consumer trust.Managing payment processing, transparency, privacy policies, answering customer questions promptly and communicating in a true and honest fashion enhances digital brand trust. Trust helps alleviate risk and promotes consumer repeat buying.
4. Digital Customer Engagement: Digital customer engagement indicates the value of interaction and engagement that a customer has with the brand online. Greater customer relationship because of social media engagement, user generated content, online communities and personally communicated.When consumers are

highly engaged they have an emotional attachment to the brand and they are more likely to show loyal behaviour (recur customers, etc.).

Consumer Loyalty in the Digital Era

Consumer loyalty is the customer's decision to always purchase a specific brand as opposed to other competing brands. The tendency to rebuy, positive attitude towards a brand and recommending a brand to others has been used to assess loyalty. In 21st-century, customers are more loyal than ever, not just regarding transactional matters. Today's shoppers simply want an experience unique to them, convenience, and authenticity and “felt” engagement. When brands manage to meet these expectations, they can establish better emotional connections with their customers. Digital technologies have also raised the level of competition for businesses as they now have ready access to alternative products and services from consumers. This means that it is essential for businesses to regularly invest to build their digital brand equity and sustain their competitiveness to ensure they retain customers.

Relationship between Digital Brand Equity and Consumer Loyalty

1. Customer Trust – To grow business success, Trust with customers is important. Building trust involves delivering quality products, communication and services over and over. Loyalty is more likely to be gained when the brand is mindful of honoring its promises, and implementing their own security measures to protect its customers' information. The tenets of confidence are safe transactions, accurate selling methods, and quickly reacting to a customer's service in the digital era. Positive reviews, Testimonies and ethical business practices serve as continued reinforcement to customer confidence. Repeat purchase and word of mouth recommendations mark the typical development of a brand affinities, and they are fundamentals of sustainable growth and competitive advantage.
2. Creating Emotional Relationships: Emotional relationships with customers can foster real and meaningful relationships with customers. Emotional connection is to establish a connection through how customers feel consumers feel understood, appreciated and valued by a brand. Such enhanced communication enables the connection to the customer by using storytelling, individually tailored communication and authenticity. These feelings can have a greater influence on a man's decision to purchase – and can be a stronger influence than function. If a brand is a sentimental choice for the buyers, there will be less chances for them to move on to a different brand due to competition. By emphasizing a company's value, aspirations, and needs for their customers, long-lasting emotional connections can be established that raise the odds of keeping what potential customers value and benefit good.Highlighting a company's value, aspirations, and needs for their customers can build long-lasting emotional connections that boost the chances of keeping what potential customers value and benefit good. One of the biggest problems facing an organization is increasing the satisfaction of their customers and avoiding the loss of customers to other companies. When the products, services and experiences equal or exceed customer's expectations, satisfaction is experienced. Companies can enhance the experience of their customers even more by providing them with standard quality and attention to customer concerns and questions. Effective communication and excellent service are important factors in good customer service. Frequent feedback gathering enables businesses to recognize areas that can be enhanced and adjust to adjust to immediate consumer choices. When customers are happy, they're likely to come back and they will also be loyal to you and recommend you to others. Thus, with high satisfaction amongst customers, one can easily record success and realize the profits for the business.
3. Encouraging Brands Advocacy: Making customers to be enthusiastic promoters of a brand. Brand advocates share positive experiences they've had with a brand or its products or services in a self-service manner, recommend products or services, and can affect the purchase decision of others. Organizations can promote a strong advocacy effort by providing outstanding experiences, cultivating great relationships, and “paying it forward” to ensure customer loyalty. Customers can also give their own feedback via social media platforms, with regard to supporting and sharing brand content.Social media also enables people to give their entire feedback in terms of supporting and sharing brand content. They are further encouraged to be customers to the delight of the brands by engaging them in the authentic way and by personalizing

interactions. Building brand advocacy not only improves the brand's credibility but also fosters word-of-mouth promotion, which also saves promotion expenses and improves brand reputation and market status.

4. Brand Differentiation: Differentiation can be done with innovative product, exceptional quality of service, unique naming and meaningful customer experience. Differentiated brand has a clear value proposition, is understood by the target audience and motivates customers. Having the same message and image throughout all materials and logos further strengthens uniqueness and recognition. Good differentiation minimizes competition on the price and increases the patronage of the brand. Organizations can develop greater customer satisfaction and loyalty, gain market share, and set themselves apart from the competition by providing unique benefits and enjoyable experiences.

Role of Social Media in Building Digital Brand Equity

Social media is crucial to the formation of digital brand equity, which can include increasing brand awareness, influencing customers' perception of a brand, and strengthening the brand's relationship with consumers. Social media platforms like Facebook, Instagram, X, LinkedIn and YouTube offer brands opportunities to connect directly with their target audiences to build meaningful brand experiences today. One of the biggest impacts that social media has made toward digital brand equity is to improve brand visibility and recognition. By posting regularly, promoting content, and sharing engaging content, brands can connect with a wide range of audiences and build a robust social media presence. Indirectly, regular contact with the consumers helps consumer's recall of the brand and builds the brand identity for the consumers, which are two key aspects of brand equity. Social media is also a great way for the customer to interact and engage. Social media offers a unique advantage over the usual marketing channels, in that it is a medium that fosters two-way communication, instead, that's a one way hug.

Social media represents a new paradigm in marketing opportunities, compared to the classic marketing channels, where there is no two-way communication but a one way hug instead, which means that consumers can comment, give feedback and join the discussions. This engagement provides companies with the valuable insights provided by the interaction, allowing them to grasp customer needs and preferences, while fostering a sense of community around the brand. Greater engagement can frequently translate into deeper connections and greater customer loyalty. Yet another vital function performed by social media is to boost brand credibility and trust. Social proof like user-generated content, ratings, reviews, and statements by influencers affect or sway consumer decisions. Customers' positive experiences can go a long way toward bolstering brand value and reputation.

Besides, social media can help to provide individual content and customer experience. Brands can use the advanced analytics and targeting tools to tailor the message to the audience segment making it more relevant and satisfy the customers. Individualized interaction communicates a sense of value to the customer and helps to build a better brand association. Additionally, social media can also foster brand advocacy, which involves satisfied customers willingly helping to promote a brand by sharing content, giving recommendations and engaging with online discussions. This kind of advocacy not only increases brand visibility but can also churn in new opportunities for consumption.This form of advocacy not only improves brand reach but also adds a source of opportunities for consumption at a relatively low cost. To sum it up, social media is a great tool for digital brand equity creation. Social media helps build meaningful brands in the digital world through brand awareness, socialization, building trust, personalization and subsequent advocacy.

Challenges in Building Digital Brand Equity

Building digital brand equity is essential for organizations seeking long-term success in the digital marketplace. However, several challenges can hinder the development and maintenance of a strong digital brand presence.

1. The first challenge is the competition that exists in the online environment. There are countless brands striving to capture consumer attention both out on the web, social networks, and throughout digital marketplaces, it becomes tough for companies to stand out and build a distinctive organization. In a media landscape that delivers so many marketing messages to customers, it's hard to cut through the noise and for brands to be seen and remembered.

2. One other important thing to take care of is internet reputation management. Customers' reviews, ratings, comments, and postings on social media can impact public perception of a brand quickly. That negative feedback, misleading information or ripping criticism online can hurt a brand's reputation and credibility. Businesses have to keep an eye on social media discussions and respond appropriately – it's essential for sustaining a favorable online reputation.
3. There are also challenges due to the speed of the technological development. The digital landscape is dynamic, with algorithms and consumer preferences changing rapidly; companies need to continually tweak their marketing strategies. Lack of familiarity with new technologies and/or trends can under-cote brand relevance and engagement.
4. Another challenge is being consistent across different digital channels. Customers communicate with brands via web/mobile apps, social media, email, and web ads. Ongoing, inconsistent messages, imagery and/or user experience can result in consumer confusion and poor brand identity.Inconsistent messaging, visuals, and experience can lead to poor consumer understanding and brand identity.
5. Another issue that impacts digital brand equity is data privacy and security concerns.Data privacy and security issues also impact digital brand equity. Consumers have come to expect that companies are equipped to safeguard their personal data and secure online transactions. Lack of good data handling or when customer information is breached, it can be very detrimental to the trust and credibility of brands.
6. Additionally, measuring digital brand equity can be complex. There are a number of metrics to consider like brand awareness, engagement, customer sentiment, and loyalty. As the methods of measurement haven't been standardized, measuring the performance of brands and return on investment is complicated.

Research Methodology

This study adopted a quantitative research approach to examine the influence of digital brand equity on consumer loyalty. Primary data were collected through a structured questionnaire administered to consumers. A convenience sampling technique was employed to select respondents due to its ease of access and suitability for the study objectives. Initially, 150 questionnaires were distributed among the target respondents. After the data collection process, the questionnaires were screened for completeness and accuracy. A total of 22 questionnaires were found to be incomplete or contained unanswered items and were therefore excluded from the analysis. Consequently, 128 valid and usable responses were retained for the final study. The collected data were coded and analyzed using statistical techniques. Descriptive statistics, including frequency and percentage analysis, were used to summarize respondent characteristics and satisfaction levels. Furthermore, the Chi-square test was employed to examine the association between demographic variables and digital brand equity as a driver of consumer loyalty. The findings were interpreted at a 5 percent level of significance.

Findings and Results

Digital brand equity plays a significant role in influencing consumer loyalty by shaping customers' perceptions, trust, and engagement with a brand in the digital environment. Demographic factors such as marital status may influence how consumers perceive and respond to digital brand equity initiatives. This analysis examines the relationship between marital status and the level of satisfaction associated with digital brand equity as a driver of consumer loyalty.

Marital Status and Digital Brand Equity as a Driver of Consumer Loyalty

Marital Status	Level of Satisfaction			Total
	Less	Moderate	High	
Unmarried	8	9	7	24
	33.3%	37.5%	29.2%	100.0%
Married	30	37	37	104
	28.8%	35.6%	35.6%	100.0%

Total	38	46	44	128
	29.7%	35.9%	34.4%	100.0%
Chi-Square	.385	Df-2	Sig. 825	

The Chi-Square test yielded a p-value of 0.825, which is substantially greater than the conventional significance level of 0.05. Therefore, the null hypothesis cannot be rejected. This indicates that there is no statistically significant association between marital status and consumers' satisfaction levels regarding digital brand equity as a driver of consumer loyalty. Although a slightly higher proportion of married respondents (35.6%) reported high satisfaction compared to unmarried respondents (29.2%), these differences are minimal and not statistically significant. The distribution of satisfaction levels is relatively similar across both marital groups. The findings suggest that marital status does not significantly influence perceptions of digital brand equity as a factor driving consumer loyalty. Both married and unmarried consumers exhibit comparable levels of satisfaction, indicating that digital brand equity affects consumer loyalty regardless of marital status.

Figure: 2

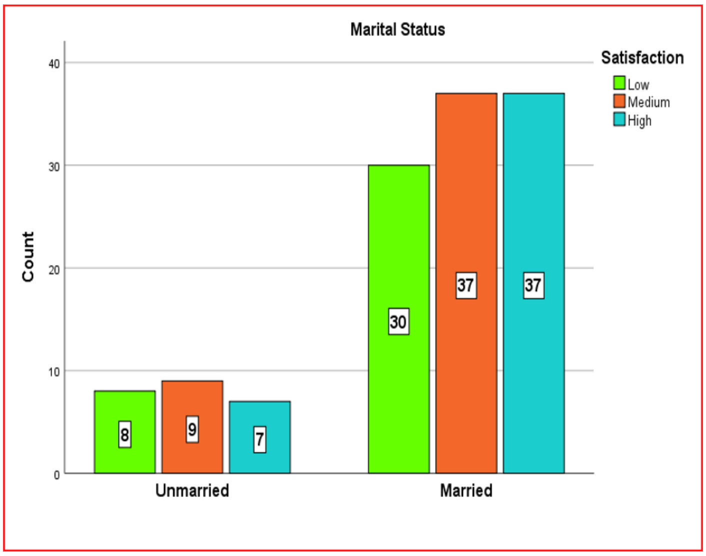


Figure: 1

Future Trends in Digital Brand Equity

As brands leverage AI, machine learning, augmented reality, virtual reality, and predictive analytics, the experiences they're providing are becoming more and more customized and immersive. Consumers will want more convenience, authenticity and transparency from brands. Moreover, there will be growing significance of sustainability and ethical business practices as factors that will drive digital brand equity in the future. Consumers will trust and will be loyal to brands that express their social and environmental responsibility.With the fast paced evolution in digital ecosystems, companies need to be customer-centric and agile to ensure high digital brand equity and customer loyalty.

Conclusion

In the digital era, digital brand equity has become a key factor in consumer loyalty. Digital brand equity positively affects consumers' attitudes and behaviors by heightening brand awareness, building positive associations, increasing trust, increasing perceived value, and increasing peoples' interaction with the brand. High digital brand equity fosters value-based customer engagement, satisfaction and brand loyalty and grows brand advocacy.In the rapidly evolving digital landscape where technology and competition are growing, digital brand building initiatives have become more important than ever to ensure the organization's relevance and sustainable growth. Successful integration of the digital platforms will enable the businesses to achieve the customer experience and advantages.Companies that have successfully integrated digital platforms to forge true, personalized and meaningful customer experiences will be more likely to develop a loyal customer base and maintain sustainable competitive advantages. Digital brand equity will continue to be a strong factor in the success of business and customers as digital technologies take over the way people engage brands.

To sum up: developing and establishing digital brand equity comes with difficulties like competing, reputation management, technology changes, brand consistency, data security and measurement. By tackling these challenges effectively, organisations will be able to establish higher-value brand, build customer relationships, and build sustainable competitive advantages in the digital era.

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