

## **Investigating the Effects of Brand Identity on Customer Loyalty from Social Identity Perspective**

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### **Abstract**

A key challenge to brand managers is how to gain a better understanding of the relationship between brand and customer loyalty constructs. Researchers have recognized that brand identity plays a key role in brand management. The purpose of this paper is to investigate the effect of brand identity and brand identification on brand loyalty through perceived value, customer satisfaction, and trust. To test the study hypotheses, a questionnaire was distributed among cellular-phone customers in Iran's northeastern city of Mashhad. The collected data were subject to correlational analysis and path analysis modeling. The results revealed that both brand identity and brand identification have indirect effect on brand loyalty through perceived value, trust, and satisfaction. Thus, it is concluded that social identity perspective, when used in conjunction with other existing perspectives, may be useful in predicting the brand loyalty mechanisms.

### **Keywords:**

Social identity, Brand loyalty, Brand identity, Brand identification.

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## **Introduction**

In traditional economic literature, labor, capital, and land are three fundamental production elements and are regarded as the main sources of wealth and value creation; however, it cannot explain how a product with the same efficiency, quality, and features is sold at the price three times the competitors' products. New marketing approaches explain this phenomenon by the identity that different brands provide for their customers. One of the desirability criteria for customers to select a product is a valid brand. In numerous markets, brand creates a unique identity for a product and connects it to a specific group of target population. In psychological perspective, this type of products, in addition to their apparent applications, positively affects customer self-esteem and dignity. For this reason, a customer would prefer to pay higher prices. Further, superior brand unconsciously means better quality and more satisfied customers. The customer believes that by purchasing a brand product, more money is paid in exchange for higher added value. In other words, like capital, technology, and raw materials, brand plays a role in creating added value and both customer and organization utilize the benefits of the brand. When a customer uses a brand product for the first time and feels happy and satisfied, his/her tendency will be increased to purchase products of the same brand again in the future. In addition, firms do not need to spend valuable resources on extensive promotional efforts, since loyal customers are motivated and eager to pay higher prices to gain benefits of their desired brand. Thus, brand loyalty plays a critical role in creating long-term benefits for the organization.

Researchers have identified several factors affecting brand loyalty, including trust (Harris & Goode, 2004; Morgan & Hunt, 1994), customer satisfaction (Garbarino & Johnson, 1999; Oliver, 1999; Reibstein, 2002), and perceived value (Peterson et al., 1997; Sirdeshmukh et al., 2002; Sweeney & Soutar, 2001; Van Riel et al., 2001). It should be noted that most of these studies have been conducted with respect to economical aspect of brand and are based on B2B framework (Arnett et al., 2003). Given that customers have a choice to select from numerous brand alternatives, considerable attention is given to brand identity

and how it affects customer satisfaction and loyalty. Bhattacharya and Sen (2003) argue that customers reflect and reinforce their identities through brand identification and the relationships that are built along with it. Therefore, when customers highly value the quality of a brand and competitors can easily imitate and copy the firm products, the necessity of creating a strong brand identity to gain brand equity seems highly important and desirable (Geuens et al., 2009).

However, despite efforts to study the effect of social identity (brand identity and brand identification) on loyalty, such as He & Li, (2011) and Marin et al. (2009), it seems that the existing literature is not extensive or rich enough to reveal the different aspects of this relationship. The purpose of the current study is to enrich the literature on brand management by investigating the effects of social identity on brand loyalty and its association with traditional factors affecting loyalty in a B2C context.

### **Theoretical Background and Conceptual Model**

The concept of social identity has long been studied by psychologists and sociologists. The subject in recent years has gained impetus in the field of organizational behavior and human resource management (Gioia et al., 2000). Social identity is basically the sense of unity constructed between individuals (Ashforth & Mael, 1989) and it occurs when an individual is identified with a particular group. Individuals attending in a group define themselves in relation to this group and distinguish themselves from the others (Tajfel & Turner, 1986). Several researches have been conducted in the field of consumer behavior, especially the psychological link between individuals and brands (Carroll & Ahuvia, 2006; Fennis & Pruyn, 2007; Fournier, 1998; McAlexander et al., 2002), and the results reveal that products and brands can meet the consumer self-definition need.

In the research on brand loyalty, different factors that predict brand loyalty have been identified. However, these researches have not sufficiently investigated the role of brand itself (brand identity) and what the brand identifies (brand identification). According to social

identity perspective, consumers are identified by focal brand or organization and therefore, are occupied by brand behavior. It should be emphasized here that such identification is basically derived from brand identity (Ahearne et al., 2005; Bhattacharya & Sen, 2003). Thus, brand identity is regarded as a main predictor for determining brand identification. Madhavaram et al. (2005) suggested that brand identity management should be regarded as the first step to integrate marketing relationship for creating brand loyalty.

The previous research on brand loyalty have focused on its structure and have evaluated factors, such as perceived value, trust, and customer satisfaction (e.g., Harris & Goode, 2004; Morgan & Hunt, 1994; Sirdeshmukh et al., 2002). In this study, as shown in figure 1, in addition to consider the effect of these factors on customer loyalty, we first analyze the indirect effect of brand identification on brand loyalty and then deal with the effect of brand identity on brand loyalty with respect to intermediate effect of brand identification. The research conceptual model is shown in Figure 1.

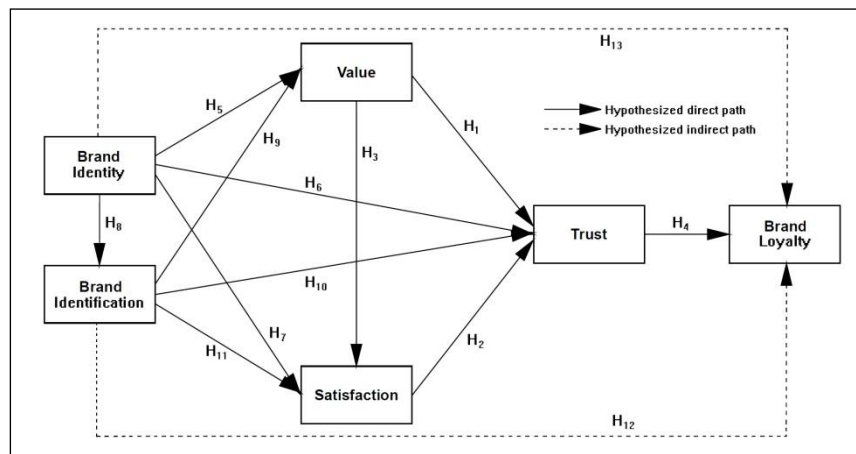


Figure 1. Conceptual model of brand identity-loyalty

#### Loyalty, Trust, Satisfaction, and Perceived Value

According to De Chernatony and McDonald (1994), the purpose of branding is to facilitate the circumstances for gaining loyal consumers and retaining them with acceptable cost with the goal of accelerating

return on investment. Aaker (1991) defines the brand loyalty as customer attachment to the brand. Yoo and Donthum (2001), however, claim that brand loyalty refers to a type of tendency and can be emerged to purchase the brand as the first choice. Oliver (1999) defines the loyalty as having deep commitment to a desired brand product or service that leads to repurchase a brand or a series of brand products in the future, despite the situational factors and marketing efforts of competitors. This may imply that it is the brand that sells not the product or service rendered. In research on brand loyalty, the main challenge is to define the brand loyalty concept and to measure it, because repurchasing is not only a voluntary reaction but, it is due to mental, emotional, and normative factors (Meller & Hansan, 2006). In survey about loyalty, some of the key concepts include satisfaction, trust, and perceived value. In the following paragraphs, we describe these concepts.

Marketing researchers believe that customer satisfaction and loyalty are essential elements in business (Yuksel et al., 2010). In the marketing literature, satisfaction is defined as “pleasurable fulfillment”, a sense that consumption fulfills some need, desire, goal, or so forth (Oliver, 1997). Satisfaction occurs when products or services performance fulfills the customer's expectations. Geyskens et al. (1999) stated that satisfaction is one of the prerequisites of brand loyalty. Previous studies show that when customer satisfaction increases, his/her loyalty to brand will be increased (Gerbing & Anderson, 1988; Gomez et al., 2006). However, some studies show that customer satisfaction does not necessarily lead to loyalty (Hosseini & Ahmadi Nejad, 2009). Therefore, as Gomez et al., (2006) suggest, more studies on the satisfaction-loyalty relationship can enrich the existing literature.

In the marketing literature, trust is regarded as an essential prerequisite for creating long-term relationships with customers (Keh, 2009). Brand trust means that a customer trusts the capability and capacity of a brand in performing desired functions (Chaudhuri & Holbrook, 2001). The effective marketing depends on trust management, because customers need to purchase the products before experiencing them (Keh, 2009). If trust is established between organization and customer, ample potential will be provided for mutual advantages (Kim et al., 2008). In addition,

when customers want to evaluate organizational performance and service quality, organizations with higher reputation (stronger brand) can intensify the customers' trust and reduce their perceived risk (Keh, 2009). Lau and Lee (1999), Macintosh and Lockshin (1997), and Sirdeshmukh et al. (2002) have underlined the role of trust for creating loyalty in their studies. Singh and Sirdeshmukh (2000) represented a model which states that the trust is one of the factors that affects customer satisfaction (which in turn leads to loyalty). This model was supported by Chaudhuri and Holbrook's (2001) study in which the focus was on loyalty.

McDougall and Levesque (2000) and Zeithaml and Bitner (2000) suggested that the perceived value means customers' perception about something they obtain against payable cost. Perceived value depends on the type of product or service and individual characteristics of customers. As Woodruff (1997) claims, customers perceive different values in different stages of purchasing or during and after using products. Petrick et al. (2001) dealt with the relationship between prior usage, perceived value, and willingness to reuse the product and found that all of these factors are important in reusing the product, but perceived value is a better predictor of reuse tendency. Furthermore, in separate research carried out by Chitty et al. (2007) and Cronin et al. (2000), it is shown that the perceived value affects customer satisfaction. Thus, our hypotheses are:

**H1:** There is a positive significant relationship between perceived value and trust.

**H2:** There is a positive significant relationship between customer satisfaction and trust.

**H3:** There is a positive significant relationship between perceived value and customer satisfaction.

**H4:** There is a positive significant relationship between trust and brand loyalty.

#### **Brand Identity**

Identity is a key element in branding and the core element of a successful brand is to perceive how the brand identity is created and

developed (Laforet, 2010, p. 111). Geuens et al. (2009) define the brand identity as a concept of a brand designed and presented by an organization. The identity of each brand is its quintessence and originality. So, if an organization wants to create a sustainable image in its customers' minds, it needs to create its brand identity first. Then, based on this created identity, messages making the mental image of each brand should be issued. A brand provides an attractive and strong identity when its identity is more distinctive and prestigious in comparison with other brands (Bhattacharya & Sen, 2003; Dutton et al., 1994). Therefore, when the role of brands is distinguishing products by creating value for the brand owners, brand distinction is regarded as an underlying and critical concept in contemporary competitive markets (Lu et al., 2008; Vignoles et al., 2000).

A distinctive brand identity enables the consumers to fulfill their self-definition needs for being unique (Berger & Heath, 2007; Ruvio, 2008; Tian et al., 2001). Various individuals have different levels of motivation and needs to distinguish their identity (Tian et al., 2001). Therefore, a brand with a more distinguishable identity can be assumed as an advantage to attract customers. The development and support of self-esteem is one of the identity-related motives for choosing a brand (Kressmann et al., 2006). Self-enhancement is made when consumers believe that focal brand is reputable and has a good prestige. A prestigious brand is a type of brand that will be used not only due to its quality, but also because of its status, especially for conspicuous consumption (Kirmani et al., 1999). Researches show that the corporate reputation affects the brand-customer relationship (Cornwell & Coote, 2003; Sen & Bhattacharya, 2001) and it is assumed that external prestige affects the individuals being identified by an organization (Fuller et al., 2006; Smidts et al., 2001).

As the model in Figure 1 shows, value, trust, and satisfaction mediate the relationship between brand identity and brand loyalty. Firstly, brand identity improves the brand value. A brand with a strong identity is eager to satisfy symbolic needs of customers, more than applicable ones. For this reason, a brand with a stronger identity is willing to improve perceived value. While there are conceptual differences, it is accepted

that the brand identity affects perceived value directly (Burmam et al., 2009). Steenkamp et al. (2003) found that brand features (such as brand globalness) improve brand value. Hansen et al. (2008) suggest that the corporate reputation has a positive relationship with perceived value. In addition, there is a positive relationship between brand identity and customer satisfaction, because the brand identity gives specific prestige to consumers and it is able to fulfill customers' needs for uniqueness and self-enhancement. For instance, Chun and Davies (2006) found that brand personality has a positive effect on customer satisfaction.

Also, there is a positive relationship between brand identity and trust. Changes in identity may lead to suspicion of stability and constancy as well as on honesty of brand, which in turn can decrease the intensity of the relationship between target customers and brand. Hence, it can be said that trust is a substantial factor in creating committed relationships and reputation has a positive correlation with trust (Ganesan, 1994). Furthermore, the results of previous studies surrounding brand identity indicate that a strong identity leads to customer trust (Berens et al., 2005; Berry, 2000; Simoes et al., 2005; Voeth & Herbst, 2008). O'Shaughnessy (1987) argues that since brand identity is a substantial factor for retaining customer trust, to have a long-term relationship with customers, brand identity must be considered. Therefore, in this study it is assumed that value, satisfaction, and trust play mediating roles between brand identity and brand loyalty.

**H5:** Brand identity has a positive significant relationship with brand value.

**H6:** Brand Identity has a positive significant relationship with brand trust.

**H7:** Brand identity has a positive significant relationship with customer satisfaction.

#### **Brand Identification**

Social identity theory suggests that individuals describe themselves beyond personal identity and talk about social identity (Tajfel, 1978; Tajfel & Turner, 1986; Turner et al., 1987). They classify themselves in a specific social classification; they create their own social identity.



In the organizational context, social identity is a basis for individuals to define themselves and the organizational features are used to do so (Dutton et al., 1994). However, Turner (1982) suggests that people are often identified by organizations socially, even if they do not have any official contact with them. In other words, whereas identity is not deterministic (Schlenker, 1986; Turner, 1982) and are often debated and selected by people (Swann, 1987), it is possible that customers who do not have any formal membership with the organization, identify themselves with the organization, if they find it attractive and are able to enrich their social identity. Thus, it can be said that the identification exists, but as a conceptual structure, even when a person is not actively involved in enhancing organization goals. In fact, it is known that what determines the identification is a psychological perception by which a person feels belonging to a particular organization (Ashforth & Mael, 1989).

Given that the concept of a brand can be more exclusive than the organization, brand identification can be used instead of being identified by the organization (Aaker, 2004; He & Li, 2011). Even though the brands are not the official organizations, but they can be considered as the consumer social classification to express membership and belonging to them (Fournier, 1998; He & Li, 2011). Based on the social identity concept (Tajfel, 1978; Tajfel & Turner, 1986; Turner et al., 1987), organizational identity (He & Balmer, 2007; He & Baruch, 2010) and organizational identification theories (Ashforth et al., 2008; Ashforth & Mael, 1989), brand identification has a certain structure that mediates the effects of brand identity on brand trust, customer satisfaction and brand loyalty.

Researchers posit that the consumer identification process has a significant impact on behaviors such as: buying-related decisions (Ahearne et al., 2005), brand preferences (Tildesley & Coote, 2009), loyalty (Bhattacharya et al., 1995; Kim et al., 2001), psychological commitment to the brand (Casaló et al., 2008), satisfaction and a higher possibility of repurchase (Kuenzel & Halliday, 2008) and the consumer tendency to pay more (Del Rio et al., 2001). Affective attachment with a subject can influence cognitive evaluation (Murphy

& Zajonc, 1993). Since the brand identification includes affective attachment to the brands, customers who are identified more effectively, evaluate the value of transaction with focal brand more desirable. Although the perceived value is not associated with brand identification directly, previous studies show that (1) the quality of the relation and perceived value are positively correlated (Moliner et al., 2007), (2) image congruity (actual and social) increases perceived value of brand (He & Mukherjee, 2007), and (3) intangible assets (reputation) improve perceived value (Hansen et al., 2008). In other words, the brand identification provides a deep and significant relationship (Bhattacharya & Sen, 2003; He & Mukherjee, 2009) and the organization's reputation is associated with the brand identification (Berens et al., 2005), brand identification enhances the perceived value of brand.

The positive effect of brand identification on customer satisfaction is further supported by Expectation-disconfirmation theory of customer satisfaction (Oliver, 1980; Oliver, 1993). According to this theory, customers are more likely to be satisfied when the actual brand performance meets the prior-purchase/consumption expectations (Yi & La, 2004). Brand identification provides a more favorable framework for customers to react to brand function experiences against prior expectations. When the expectations from brand performance are met, the customers who are more identified by the brand feel more satisfaction. For this reason, the customers enhance their psychological dependence to brand that in turn improves their self-esteem (He & Li, 2011). And when expectations from brand functions are not met, customers who are more identified by the brand, feel less dissatisfaction because they (a) have more affective attachment to the brand (Chaudhuri & Holbrook, 2001) and (b) show greater flexibility in relation to bad news and experiences about the brand (Bhattacharya and Sen, 2003). Thus, when customers are more identified, they are more likely to be satisfied with the focal brand.

Finally, brand identification can affect trust in brand directly and indirectly. Several studies have shown that brand identification provides affective attachment to the brand and a favorable platform for trust development (Dunn & Schweitzer, 2005; Jones & George,

1998; Lewicki et al., 1998; Williams, 2001). Brand identity and brand identification both have a positive impact on the current study model variables and since brand identity precedes brand identification, it is plausible that brand identification mediates the effects of brand identity on the other variables. According to identification theory, brand identification also affects brand loyalty (Bhattacharya & Sen, 2003; Sen & Bhattacharya, 2001). A number of previous experimental studies support this effect (Marin et al., 2009; Ahearne et al., 2005). It is therefore, hypothesized here that brand identification affects brand loyalty indirectly through brand value, satisfaction, trust, and brand identity has an indirect effect on brand loyalty through brand identification as a mediating variable:

**H8:** Brand identity is positively associated with brand identification.

**H9:** Brand identification is positively associated with perceived value.

**H10:** Brand identification is positively associated with brand trust.

**H11:** Brand identification is positively associated with customer satisfaction.

**H12:** Brand identification affects brand loyalty through value, trust, and satisfaction.

**H13:** Brand identity affects brand loyalty through brand identification, value, trust, and satisfaction.

### **Methodology**

This study is a descriptive-survey study, examining the relationships between key factors related to brand identity and loyalty in cellular-phone industry. To test the study hypotheses, questionnaire developed by He et al. (2012) was used to collect data. The items were scored in a 5-point Likert-type scale (ranging from 1= completely disagree to 5= completely agree). Given that, the Persian version of the questionnaire was used, the content validity of the questionnaire was evaluated and confirmed by several professors in management. The construct validity was evaluated through confirmatory factor analysis (CFA) which results are provided in findings section. The reliability was evaluated by

Cronbach's alpha and the calculated coefficient of (0.901) for overall items represented a high and desirable internal consistency.

The population considered in this study consisted of the students in Ferdowsi University of Mashhad in Iran. For sampling, the Cochran formula was used and the sample members were selected randomly. In doing so, the standard deviation of population responses was estimated ( $s = .49$ ) based on obtained data from the pre-test. The sample size, as calculated by the following formula, was (253).

$$n \geq \frac{NZ_{\alpha}^2 \sigma^2}{\varepsilon^2(N-1) + Z_{\alpha}^2 \sigma^2} \geq \frac{20000 * 3.84 * .24}{.0036(20000 - 1) + 3.84 * .24} \geq 253$$

A total of three hundred questionnaires were distributed among students in several stages and two hundred eighty three were returned. Of returned questionnaires, only two hundred sixty one were completed correctly and used in the final analysis.

First, to confirm the significance of the correlation between variables, Pearson correlation analysis was performed. Next, to validate the relationships in a multi-variable framework, the path analysis in which all variables were entered in the analysis model simultaneously, was conducted. Finally, regression relationships among variables of this study were investigated by standardized coefficients and provided significance levels in Amos v.20 software by which hypothesis is rejected or accepted.

## Results

The demographic data show that the respondents' age ranged between 19 and 49, and the average age was 27, whilst (87.6%) of them were between 19 and 30, (9.1%) between 30 and 40, and (3.3%) over 41. Furthermore, one hundred seventy two students (65.9%) in the sample were male and eighty nine students (34.1%) were female, and one hundred seventeen students had Bachelor degree, ninety six had Master degree, and forty eight had PhD. Finally, (65%) of respondents had cellular-phone with Nokia brand, (16.3%) with Sony Ericsson brand, (12.5%) with Samsung brand, (3.8%) with Motorola Brand, and (2.4%)

with other brands. These findings are summarized in Table 1.

**Table 1. Demographical features of research participants**

Demographics	19-30	31-40	> 41	Male	Female	Bachelor	Master	PhD	Nokia	Sony Ericsson	Samsung	Motorola	Others
Age	87.6%	9.1%	3.3%	-	-	-	-	-	-	-	-	-	-
Gender	-	-	-	65.9%	34.1%	-	-	-	-	-	-	-	-
Educational Level	-	-	-	-	-	44.8%	36.7%	18.5%	-	-	-	-	-
Cell-phone Brand	-	-	-	-	-	-	-	-	65%	16.3%	12.5%	3.8%	2.4%

Internal consistency (reliability) of measures is evaluated by calculating Cronbach's alpha. As the variables' means in Table 2 show, the coefficients, except for value variable are between (0.79) to (0.88) ranges that represent good internal consistency. The respective coefficient for the value variable is (0.66) which is also considered an acceptable reliability. All correlations are within the expected direction and are statistically significant. Highest and lowest correlation coefficient respectively belongs to relationship between trust and loyalty ( $r = 0.73$ ) and relationship between brand identification and value ( $r = 0.20$ ).

**Table 2. Mean, internal consistency, and correlation of variables**

Variables	Mean	1	2	3	4	5	6
<b>1. Brand Identity</b>	3.80	(0.82)					
<b>2. Brand Identification</b>	2.20	0.31**	(0.87)				
<b>3. Value</b>	3.71	0.28**	0.20**	(0.66)			
<b>4. Satisfaction</b>	3.50	0.21**	0.32**	0.53**	(0.84)		
<b>5. Trust</b>	3.29	0.34**	0.25**	0.30**	0.58**	(0.88)	
<b>6. Loyalty</b>	2.76	0.28**	0.39**	0.25**	0.51**	0.73**	(0.79)

Note.  $N = 261$ ; The values in parentheses are reliability coefficients (Cronbach's alpha)

\*\*  $p < 0.01$

#### Overall Validity of Measures and Path Analysis Model

Prior to data analysis, the measures were evaluated to see if each item is statistically significantly loaded to its construct. To do this, we conducted confirmatory factor analysis (CFA) for overall measurement model. The model was evaluated through Cronbach's alpha coefficient,

regression weights significance, and fit indices. Cronbach's alpha for CFA model was (0.90) which is a satisfactory value and factor loadings for all of the items were significant (factor loadings ranged from 0.42 to 0.95). To have a satisfactory fitness to data, normed Chi-square ( $\chi^2/df$ ) of the model should be less than (3), normed fit index (NFI), comparative fit index (CFI), and goodness-of-fit index (GFI) more than (0.90), root mean squared residual (RMR) less than (0.09), and root mean squared error of approximation (RMSEA) less than (0.05). For the CFA model, ( $\chi^2/df$ ) was (1.86), NFI, CFI, and GFI were (0.91), (0.95), and (0.91), RMR was (0.07) respectively, and RMSEA was (0.05). These statistics represents the goodness-of-fit to data for the CFA model, hence we conclude that the tests used to analyze data measure the variables acceptably.

To validate relationships between variables and to investigate the overall fitness of the proposed model, multi-variable analysis and particularly path analysis were used. To accept or reject hypotheses, the standardized path coefficients and significant levels were used. It should be noted that the confidence level for all paths is assumed to be (0.95). Figure 2 shows the fitted path model revealing the intensity and the direction of relationship. For the fitted model, ( $\chi^2/df$ ) was (1.19), NFI, CFI, and GFI were (0.99), RMR was (0.01), and RMSEA was (0.02). All of the indices are better than critical values and represent the goodness-of-fit for the proposed model.

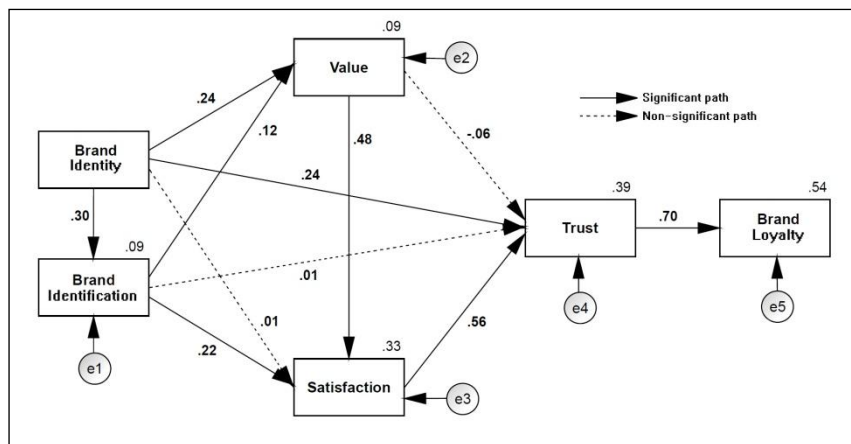


Figure 2. Path model along with standardized coefficients

### Hypothesis Testing

As previously mentioned, this study is comprised of thirteen hypotheses (including two subsidiary hypotheses). In order to test the hypotheses, the value of path coefficients and the respective level of significance were used (Table 3). A hypothesis is accepted if its significance level is lower than (0.05).

**Table 3. Summary of hypotheses testing results**

Hypothesis	Path coefficient	Significance level	Result
Value→Trust	-0.06	0.269	Rejected
Satisfaction→Trust	0.56	0.000	Accepted
Value→Satisfaction	0.48	0.000	Accepted
Trust→Loyalty	0.70	0.000	Accepted
Brand Identity→Value	0.24	0.000	Accepted
Brand Identity→Trust	0.24	0.000	Accepted
Brand Identity→Satisfaction	0.01	0.907	Rejected
Brand Identity→Brand Identification	0.30	0.000	Accepted
Brand Identification→Value	0.12	0.044	Accepted
Brand Identification→Trust	0.01	0.783	Rejected
Brand Identification→Satisfaction	0.22	0.000	Accepted

As it is clear in the table above, the majority of hypothesized paths are significant, except the relationship between perceived value and trust, brand identity and satisfaction, and brand identification and trust. And it can be concluded that the subsidiary hypotheses related to indirect paths ( $H_{12}$  and  $H_{13}$ ) are supported too. Based on these results, the highest direct prediction capability is related to prediction of loyalty through trust ( $\beta = 0.70$ ) and the lowest (significant) prediction capability is related to prediction of value through brand identification ( $\beta = 0.12$ ). Values of total effect are presented in Table 4. It should be highlighted here that the total effect of brand identity on customer loyalty is (0.243). Furthermore, the squared multiple correlations indicate that about (54%) of variance in dependent variable, that is brand loyalty is predictable in the proposed model of brand identity-loyalty.

**Table 4. Standardized total effects**

	Brand Identity	Brand Identification	Value	Satisfaction	Trust
Brand Identification	0.296	0.000	0.000	0.000	0.000
Value	0.281	0.125	0.000	0.000	0.000
Satisfaction	0.209	0.284	0.484	0.000	0.000
Trust	0.347	0.165	0.207	0.561	0.000
Loyalty	<b>0.243</b>	0.116	0.145	0.393	0.701

### Discussion and Conclusion

Brand is a mental flow or process which is created in the mind of consumers, buyers, employees, and stockholders. The brands contain social identity and a brand is successful when people see themselves as its owner and feels belonged to it. According to Laforet (2010), identity is a key element of branding and the core of creating a successful brand is how to create and extend its identity. The brand needs to retain its identity through its contract with itself, its goal, and consumers. However, individuals often use products which are compatible with themselves, but under special conditions they avoid those products which have conflict with their identity aspects. Using a brand distinguishes an individual's social identity from other social identities. So, individuals are identified and classified by groups having congruity with them and certain group behaviors are predictable with respect to this social classification.

In testing the study hypotheses, the relationship between perceived value and trust, brand identity and satisfaction, and brand identification and trust were not confirmed at the confidence level of (0.95). This may be because, firstly, Chinese cellular-phones with lower prices due to their lower quality in Iran causes the consumers to ignore the brand identification (prestigious and distinguishable aspects of cellular-phones), and secondly, flaws in cheap copies of famous brands such as Nokia, Sony Ericsson and Samsung soon after purchase may adversely affect their perceived value in the eyes of consumers.

In competitive markets, brand loyalty also has numerous benefits



for organizations such as creating obstacles for competitors, more sales and profits, lower cost of attracting and keeping customers (Knox & Walker, 2001; Rundle-Thiele & Mackay, 2001). The findings of this study which are consistent with previous studies (Aaker, 1996; Joachimsthaler & Aaker, 1999; Kapferer, 2008) indicate that the brand identity is a substantial tool for effective product distinction and brand management. Therefore, it can be said that where most organizations emphasize only on the customer relationship management, creating brand identity can improve the brand-customer relationship and perceived value which in turn leads to customer satisfaction, trust, and loyalty. For as much as the goal of customer relationship management is to create long-term relationships with customers, developing and retaining the brand identity is one effective way to achieve this goal.

This study also supports the role of social identity perspective in the process of brand loyalty. Meller and Hansan (2006) state that loyalty is not only a voluntary reaction but also is the consequence of psychological, emotional, and normative factors. Furthermore, to elect a particular brand can also distinguish individual's social identity from other social identities (Kim et al., 2001). Therefore, brand identification let customers communicate with different groups that constitute the identity. Customers value different types of brands with respect to groups which they have membership or desire to be a member and the customers will be satisfied if the brand helps create a positive image from membership (Ferreira, 1996; Kim et al., 2001). Hence, based on the results of this study, we can say that incongruity of brand with individuals' identity can cause to social separation and individuality.

As brand identity is on the basis of meanings and symbolic values, weakening and tarnishing the brand image affects the brand-consumer relationship. The brand may be inconsistent with consumers in term of personality and identity. Some products, like clothes and automobile, have direct relationship with individuals' identity and social classification. Consumers during purchasing these products consider their congruity with their identity. It seems that the cellular-phone is like these prestigious or identified products. The reputation and accuracy of brand are highly valued in these purchases. Sometimes, a brand is

associated with a particular group with a cursed position in the individuals' minds. This phenomenon may occur when organizations use athletic or cinematic personalities in their advertisements. That is, if these personalities lose their selling features over time, consumers avoid purchasing the brand again, because they do not like to be identified by the identity that the brand introduces. In addition, it is possible that consumers avoid a particular brand, because of incompatibility with social position or other products that they use. To resolve the identity crisis caused by incompatibility of products with individual's identity, multilateral and comprehensive research should be done about particular markets and culture of consumers and their social identity.

Finally, this study supports the substantial role of brand identification in brand loyalty process and also its mediation between brand identity and brand loyalty. Consumers are eager to be identified by brand with more prestige and distinguishable properties (Bhattacharya & Sen, 2003; Dutton et al., 1994). For this reason, the process of consumer-organization identification is mainly derived from organization's identity (Ahearne et al., 2005; Bhattacharya & Sen, 2003). Therefore, the brand image which is made in consumer's mind is very important and if it is flawed, the overall brand identity will be castrated. So, avoiding fictitious and exaggerated advertisement slogans and instead creating a positive and genuine image in the consumer's mind is proposed. In pursuing this strategy, it should be emphasized that brand is a set of deductive values, so individual's perception of brand has a significant role in its success.

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## بررسی تأثیر هویت برند بر وفاداری مشتریان: از دیدگاه هویت اجتماعی

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### چکیده

چالش اصلی مدیران برند درک بهتر رابطه بین سازه‌های برند و وفاداری مشتری است. یافته‌های محققان نشان می‌دهد که هویت برند نقش کلیدی در مدیریت برند دارد. هدف این مقاله بررسی تأثیر هویت برند و تعیین هویت آن بر وفاداری از طریق ارزش ادراک شده، اعتماد و رضایت مشتری است. برای آزمون فرضیه‌ها، پرسشنامه‌ای بین مشتریان تلفن همراه در مشهد، شهری در شمال شرق ایران، توزیع شد. داده‌های جمع‌آوری شده تحت تحلیل همبستگی و مدل تحلیل مسیر قرار گرفتند. نتایج نشان می‌دهد که هویت برند و تعیین هویت برند تأثیر غیر مستقیم بر وفاداری به برند از طریق ارزش، اعتماد و رضایت دارند. مقاله نتیجه‌گیری می‌کند که دیدگاه هویت اجتماعی، وقتی با دیگر دیدگاه‌های موجود ترکیب شود، می‌تواند در پیش‌بینی مکانیزم‌های وفاداری به برند مفید باشد.

### واژگان کلیدی

هویت اجتماعی، وفاداری برند، هویت برند، شناسایی برند.