Consumers’ Investments in Brand Relationships

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Consumers’ specific investments in consumer-brand relationships are investigated through 30 explorative interviews. The result are summarized in a typology of four main categories of relational specific investments (Explicit, Exertion, Social, and Integrated). Implications and avenues for further research are briefly discussed.

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higher was the overall evaluation ($\beta=0.47$, $p<.01$), the higher was the propensity for consumers to return. This suggests that consumers who feel positive about their former provider (even after defection) are more likely to consider returning. Furthermore, the number of different brands respondents had used, had a significant negative impact on the propensity to return ($\beta=-0.18$, $p<.01$), suggesting that consumers who have other providers or are experienced in switching providers are less likely to return. Next, the longer the time lapse since defection (but still within a year), the higher was the propensity of winback ($\beta=0.15$, $p<.05$). This suggests that consumers are more likely to return after they had some time to reflect on the decision (“to cool their heads off”), but not so long that they could forget about those relationships. Finally, an increase in household income had a negative relationship with the propensity of return ($\beta=-0.11$, $p<.01$). This suggests that consumers who have more money (who are perhaps, more savvy at managing finances) are less likely to return to their former brand.

In summary, this study offers a contribution to consumer research in the area of consumer-brand reunion after break-up, by identifying factors that moderate the likelihood of future reunion.

References

**Consumers’ Investments in Brand Relationships:**

**An Explorative Investigation of Specific Investments in Consumer-Brand Relationships**

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**Extended Abstract**

The literature on consumer-brand relationships is heavily influenced by research on inter-personal relationships from social psychology (Fournier 2009). One factor known to influence persistence in an inter-personal relationship is the size of relational specific investments (Rusbult, Martz & Agnew 1998). Such investments are defined as resources that are invested in the relationship and that lose a significant part of their value if the relationship is ended (Rusbult 1980). Invested resources enhance commitment to the relationship because the act of investment serves as a powerful psychological inducement to persist and it increases the costs of termination (Cox, Wexler, Rusbult & Gaines 1997).

In a similar vein, the concept of asset specificity and specific investments is common in the literature on inter-organizational relationships (Heide & Stump 1995). In the transaction cost perspective, specific assets create dependence on the transaction partner and, if not balanced, create a potential threat of opportunism (Wathne & Heide 2000).

Despite the focus on specific investments in both inter-personal and inter-organizational relationships, there have been a few attempts to understand the nature of such investments in consumer-brand relationships. The lack of learning from the inter-organizational literature is addressed as a shortcoming in the research on brand relationships (Fournier 2009).

30 semi structured in-dept interviews on consumers’ investments in brand relationships related to three different contexts (Apple Inc., a national soccer team, and the mobile phone brands the participants had at the time, with 10 interviews in each context) were conducted.
Based on this, and existing research on specific investments in related disciplines, a typology of consumers’ specific investments in brand relationships is proposed.

The in-depth interviews indicate that consumers, both directly and indirectly, invest in their relationships with brands. The investments are found to be both of an economic nature, as well as time, effort, and other psychological investments. These are investments that are uniquely related to a specific brand relationship and consequently lose their value outside the relationship. Therefore, consumers’ specific investments increase commitment to the brand relationship and build brand loyalty, safeguarding the brand in situations of dissatisfaction and/or presence of attractive alternatives. The proposed typology distinguishes between investments that are direct and indirect to the relationship, as well as extrinsic (directed towards external objects) and intrinsic (driven by internal dynamics) motivations for the investments.

Explicit investments are resources that are directly invested in the relationship and that create commitment as a consequence of external objects and conditions. Examples identified are direct financial investment in physical products and start-up costs, direct financial investments in complementary products, contractual commitment, and other direct switching costs.

Exertion investments in the brand relationship are direct in nature and create commitment as a consequence of the consumer’s intrinsic involvement and efforts. The examples found in the present explorative research are efforts the participants have made in terms of learning and personalization, existing knowledge about the brand, as well as past engagement in word-of-mouth, and brand related feelings and memories.

Social investments are indirectly related to the relationship and create commitment based on extrinsic motivations. This type of investments can be related to Holt’s (1995) typology of consumption as play, meaning that the consumption act is a part of socialization and a basis for relations and networks among consumers. Such relations among consumers are likely to also create an indirect commitment towards the brand, as it forms the hub of the consumer networks. The types of social investment identified in this research are group identification, sense of belonging to a larger group, friends, user networks, and special objects and events.

Integrated investments are indirect and create commitment as a consequence of intrinsic motivation. This form of relationship investment can be related to Holt’s (1995) classification of consumption as integration and classification. One could argue that classification also could be understood as a form of social investment. However, it is probably driven by an inner motivation related to the definition of the users self, and thereby best understood as an intrinsic indirect investment. Examples are assimilation of values and associations of the brand and its reference groups, as well as dissimilation of associations and values of other brands and out groups.

The types of specific investments presented in this work are based on different motivations and have diverging implications for brand relationship management. Explicit and Exertion investments are assumed to create constraint-based commitment (Johnson 1982) and exchange norms (Aggarwal 2004), as they are instrumental, create dependence and are based on a negative motivation not to lose resources that are invested in the relationship. On the other hand, Social and Integrated investments are assumed to create dedication-based commitment (Johnson 1982) and communal norms (Aggarwal 2004), because of the value of social networks, affiliation and consumers’ self-construal through identification with the brand.

Knowledge about the motivations for the relationship, and the types of investments that function as antecedents of commitment is vital for strategies employed in brand relationship management. For example, the use of tactics based on an instrumental logic and exchange norms might be successful in the case of relationships mainly based on explicit investments, but detrimental for relationships that are heavily based on integrated investments.

Further research should investigate to what extent type of investment influence relationship commitment at different stages of the relationship life cycle, and eventually relationship outcome (behavioral loyalty, interest in alternatives, functional conflict, word-of-mouth, and more), in order to enable companies to craft more tailored and effective strategies for brand relationship management.

Selected References