

THE IDEA OF BRANDING IN THE CONTEXT OF CUSTOMER SATISFACTION THEORIES

Karen MELKONYAN

Ph. D. In Economics

Rafayel PETROSYAN

Master of Business Administration, PAA RA

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Introduction. Consumer satisfaction analysis is an important part of marketing theory. There are a lot of theories, the aims of which are to model consumers' satisfaction from products and services and to identify factors that influence it. The theories of dissonance and contrast, as well as expectancy disconfirmation paradigm of consumer satisfaction are considered in this article. But despite numerous studies, branding has never been considered as a significant and a separate factor in the framework of consumer satisfaction analysis. The aim of this research is the attempt to include it as a separate factor under the theories mentioned above.

Scientific Novelty. The scientific novelty of the article is within its approach to include the factor of branding into the customer satisfaction theories discussed. It is considered as a separate exogenous or indigenous factor in the models discussed.

Methodology. Mathematical representations of the models of customer satisfaction reviewed are given in the article. The factor of branding is included into the models as an internal or external variable. In both cases variables of branding are fitted into mathematical models to account for the effects of branding assumed.

Literature review. The dissonance theory of consumer satisfaction is based on Leon Festinger's theory of cognitive dissonance [Leon Festinger, 1957], according to which in almost all situations individuals seek internal psychological harmony between their different perceptions: thoughts, beliefs, values, worldview, attitude, etc. In almost all real-life situations individuals want to see a correspondence between the present situation, conditions, and events and their own thoughts, beliefs, behaviors. In situations of cognitive dissonance, when conflicts or inconsistencies arise between different perceptions of a person, individuals tend to eliminate that inconsistency by changing one of inconsistent perceptions [Harmon-Jones, Mills, 2019]. According to Festinger, cognitive dissonance is a situation that motivates people to change their perceptions, striving for consistency. Based on Festinger's theory of cognitive dissonance, the dissonance theory of consumer satisfaction was developed [Cardozo, 1965], according to which a consumer who had high expectations about the product or service, but actually received a low-value product or service, will have a cognitive dissonance as a result of inconsistency between real experience and expectation and will be motivated to change his/her own

perception of real experiences [Park, Cho, Rao, 2015]. That is, if there is a discrepancy between expectations of the product and the perception of the results obtained from its use, the person will change his/her perception of the results to be consistent with expectations [Yuksel, Yuksel, 2009].

For example, the consumer goes to a concert from which he has very high expectations, but the concert is actually low quality. According to the theory of cognitive dissonance, the consumer, feeling a discrepancy between the expectations and the "real result of the concert", will match his perception of the concert with his expectations, claiming that the concert was not so bad and it was quite good. In addition to the expectations from goods and services, an important factor in dissonance theory is considered to be the effort spent to obtain it (money, time, the importance of product or service for the person, etc.).

The theory of dissonance is usually opposed to the contrast theory of consumer satisfaction. According to contrast theory, in the case of discrepancy between expectations and the perceptions dissonance does not occur, and consumers are not motivated to adjust their perceptions to match expectations, but on the contrary, consumers tend to increase that discrepancy [Oliver, 1997].

But the most widely accepted theory of consumer satisfaction in the marketing literature is the expectancy disconfirmation paradigm (Oliver 1977, 1980). This model assumes, that the consumers make their purchases with certain expectations from the product. If the product or service meets their expectations, then confirmation occurs. If the product does not meet their expectations disconfirmation occurs. Disconfirmation can be positive, when the product or service exceeds consumer's prepurchase expectations, and negative, when the product or service is worse than expected. When positive disconfirmation occurs, consumers are satisfied with the product or service [Oliver, 1997] [Oliver, 1980], and when negative disconfirmation occurs, they are dissatisfied [Wei-Tsong Wang, Wen-Hung Chang, 2014].

Analysis. Two groups of consumers are considered to present the theory of dissonance. The first group has low expectations from the product, and second group has high expectations. The real level of the product is in the middle of high and low expectations.

If $E_L(X)$ - low-expectation consumers' expectations from the product

$E_H(X)$ - high-expectation consumers' expectations from the product

X - the real level of the product, then

$$E_L(X) < X < E_H(X)$$

The first group of consumers, who has low expectations, get a product that exceeds their expectations. The second group of consumers, on the contrary, get a product that is worse than they expected. Each of these groups of consumers are also divided into

two subgroups: consumers who have made little effort to obtain the product and consumers who have made much effort to obtain the product.

In general, 4 groups of consumers are considered:

- high expectation and high effort consumers
- low expectation and high effort consumers
- high expectation and low effort consumers
- low expectation and low effort consumers

X_L - evaluations of low-expectation consumers after using the product

X_H - evaluations of high-expectation consumers after using the product

$EF_L()$ - low-effort consumers

$EF_H()$ - high-effort consumers

4 hypotheses are proposed according to the theory of dissonance.

According to the first hypothesis, consumers, who had low expectations and received a higher quality product or service, will evaluate it more than consumers who expected a higher quality product than they actually received. Although the dissonance theory suggests that consumers are motivated to match their expectations with satisfaction, they are not as satisfied with the product as consumers with lower expectations who received higher than expected product.

$$EF_L(X_L) > EF_L(X_H)$$

$$EF_H(X_L) > EF_H(X_H)$$

The second hypothesis includes the idea of dissonance. According to the theory of dissonance, high-effort consumers are much more motivated to adjust their perception towards expectations than low-effort consumers, therefore they will evaluate the product more trying to meet their expectations than low-effort consumers. Consequently, the differences between product evaluations of low-effort low-expectation and low-effort high-expectation consumers should be higher than between high-effort low-expectation and high-effort high expectation consumers, as a dissonance does not occur or has a weak effect in case of the latter.

$$EF_L(X_L) - EF_L(X_H) > EF_H(X_L) - EF_H(X_H)$$

According to the third hypothesis, the evaluations of low-effort low-expectation consumers will be lower than evaluations of high-effort consumers with low expectations.

$$EF_L(X_L) < EF_H(X_L)$$

And finally, the evaluations of low-effort high-expectation consumers will be lower than evaluations of high-effort high-expectation consumers, because in high effort situations dissonance occurs having significant effects and motivating consumers to give higher evaluations of the product.

$$EF_L(X_H) < EF_H(X_H)$$

As a result, the dissonance theory takes into account two factors in modeling the process of consumer satisfaction: expectation and effort. Only few studies are dedicated into the discussion of the branding effects in contexts of consumer satisfaction theories [Cai, Geng-Qing Chi, 2021]. In the framework of this article, an attempt is made to include one more factor: the brand of the product, which is believed to cause a dissonance and have an impact on expectations and satisfaction. The factor of branding can be included as an external or internal variable in the theory of dissonance. Firstly, it can be included externally, as a separate factor, such as expectation and effort. It is assumed that the brand of the product can be favorable and or unfavorable for consumers, and consumers can be subdivided into two groups according to the branding factor. It is assumed that consumers have made the same effort to purchase the product and therefore effort is non-significant factor. Consumers are also divided into low-expectation and high-expectation groups. Therefore, in the situation observed, consumers are generally divided into 4 groups:

- consumers with favorable brand and low expectations,
- consumers with non-favorable brand and low expectations,
- consumers with favorable brand and high expectations,
- consumers with non-favorable brand and high expectations,

In this case:

$E_L(X)$: low expectation consumers' expectations from the product

$E_H(X)$: high expectation consumers' expectations from the product

X : real value of the product

$E_L(X) < X < E_H(X)$:

The factors of branding are represented below:

$B_F()$ ` consumers with favorable brand

$B_U()$ ` consumers with non-favorable brand

In this case, the 4 hypotheses proposed by the dissonance theory of consumer satisfaction will appear as the following. Because low-expectation consumers received a product that exceeded their expectations and high-expectation consumers received lower than expected product, low-expectation consumers will value the product higher than those with high expectations.

$$B_U(X_L) > B_U(X_H)$$

$$B_F(X_L) > B_F(X_H)$$

The inclusion of the factor of branding in the theory of dissonance implies, that dissonance will affect the consumers who favor the brand, and they will be motivated to adjust their perceptions to meet expectations. Particularly, this will apply to consumers who received a product, the value of which was lower than expected.

$$B_U(X_L) - B_U(X_H) > B_F(X_L) - B_F(X_H)$$

The idea of branding will also fit into the last two hypotheses. In particular, low-expectation consumers who favor the brand will evaluate the product lower than consumers in the case of non-favorable brand. And finally high-expectation consumers with non-favorable brand will evaluate the product lower than high-expectation consumers with favorable brand who will experience dissonance and will adjust their perception of the product. In this case a positive correlation is assumed between brand favorability and expectations.

$$B_U(X_L) < B_F(X_L)$$

$$B_U(X_H) < B_F(X_H)$$

Another approach to account for the factor of branding would be to include it in the factor of effort as an internal variable. It can be assumed that consumers with favorable brand regard the purchase as more important and therefore will be making more effort, than the ones with non-favorable brand. It can be assumed that in case of favorable brand more effort will be made and a dissonance effect will be present. With this approach the factor of branding is only considered as an internal variable, which affects only the effort.

$$EF = \beta_0 + \beta_1 B + \sum_{i=2}^n \beta_i X_j$$

$$j = 1 \rightarrow m$$

$$\beta_1 > 0$$

In the model of effort presented above, beta coefficients will play very important role, especially when there will be contradictions between internal variables. For example, when large amount of money is spent to purchase the product, but the brand is non-favorable for the consumer, then the effect of large cost will positively affect the effort, but the branding factor will affect negatively, and the total effect on effort will be significantly dependent on beta coefficients.

If we try to include the factor of branding into the contrast theory, favorable brands would be assumed to reduce the effect of contrast, when the product did not meet expectations of the consumer, and in the presence of non-favorable brand the contrast may have even more impact. On the contrary, in the presence of favorable brand the effect of contrast would be higher, when the product exceeded expectations. And when the brand is non-favorable smaller effect of contrast will be noticed.

As mentioned above the most widely accepted theory of consumer satisfaction in marketing literature is the expectancy-disconfirmation paradigm. The mathematical representation of the model is shown bellow.

If

S - satisfaction,

X - consumer's evaluation of the product or service,

X_i - consumer's expectation from the product or service
then

$$S = X - X_i$$
$$S = (X - X_i) > 0 \rightarrow \text{satisfaction}$$
$$S = (X - X_i) < 0 \rightarrow \text{dissatisfaction}$$

It is assumed that the branding will have an impact on expectations in the first place, and expectations for favorable brands will be more than for non-favorable brands. Positive correlation is assumed between brand favorability and expectations.

In addition the branding will also have an impact on the perception of the consumer about the product or service. Particularly, when the brand is favorable and the product was worse than expected, dissonance will occur and consumers will be motivated to adjust their expectations and to develop better perceptions regarding the product or service. Therefore, in the presence of favorable brand the probability of satisfaction will be lower than in the case of non-favorable brand.

Conclusions. The dissonance, contrast and expectancy-disconfirmation paradigm theories of consumer satisfaction were considered in the article. An attempt was made to include the idea of branding into the theories mentioned above. The main theses proposed are the dependence of branding and expectations from the product or service, the impact of branding on the effects of dissonance or contrast, its impact on evaluations of a product or service and on the importance of the purchase for the consumer. The mathematical representations of the theories including the factor of branding are given in the article. The proposed theses can serve as a basis for further empirical analysis.

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Karen MELKONYAN, Rafayel PETROSYAN

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An important part of marketing theory is the theory of consumer satisfaction, through which an attempt is made to model the process of consumer satisfaction as a result of consuming a product or a service, to identify the reasons and factors that affect it. Although there are many valuable and applicable theories in the marketing literature, the idea of branding as a separate factor is not considered in any of them. This paper attempts to consider the idea of branding in the context of theories of consumer satisfaction and to include it as a separate factor. Within the framework of the work the dissonance theory of consumer satisfaction, the theory of contrast, as well as the expectancy-disconfirmation paradigm are considered. The main theses proposed are the dependence of branding and expectations from the product or service, the impact of branding on the effects of dissonance or contrast, its impact on evaluations of a product or service and on the importance of the purchase for the consumer. The proposed theses can serve as a basis for further empirical analysis.