The Effect of Sense of Community to Brand Loyalty

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Abstract: Previous research found that loyalty programs can be distinguished by different perception in community. Furthermore, consumers are more prodigal to perceive communal programs than the use of financial incentives. Communal programs elicit stronger emotional connections and participants are significantly less predisposed to competitor switching. This research studied the effect of sense of community on resistance to competitor overtures, thus brand loyalty and brand equity among membership card user. A theoretical framework is developed to test the relationship among the study constructs. The data used in this study 100 customers, were taken as research data to test whether they are aware of the brand loyalty and brand equity or not. The results indicate that sense of community has significant influence on resistance to competitor overtures, and brand loyalty has a significant influence on brand equity. This study also provided partial support for moderating influence of sense of community.

Keywords: Membership, brand equity, brand loyalty

INTRODUCTION

There are many ways to build consumer loyalty, which means that a relationship does not stop only in a transaction. The most common form of action was commonly done to maintain relationship with consumer. Point collection can be converted into prizes. The amount of prize depends on the collected points which means the more money they will get to spent, or the more points they get, the more prize. They will have loyalty program is designed as an organization tool to build and enhance customer loyalty. From the loyalty program sponsored by organization, customers are able to receive lots of benefits such as price discount, customer clubs, organizational newsletters, prizes, all with an assumption that the loyalty programs will be able to have an impact to the increase of customer loyalty towards organization (Dowling and Uncles, Palmer et al. in Rosenbaum, Ostrom and Kuntze 2005). Companies have tried to get customers to sign up in programs that they made. The result of all events participated by the customers, originated from the loyalty program made by the company itself (Merriman 2001). Though companies have tried hard to increase customer loyalty by offering their membership loyalty program, the average value of dissatisfied customers among the customers were still high up to 90% (Oliver in Rosenbaum et al. 2005). Some researches found positive correlation between membership loyalty program and customer loyalty (Bolton et al. 2000). However research found that the correlation was mixed (Smith A. Sparks L. Hart S. and Tzokas N. 2003. Yi and Jeon 2003. Kivets & Simonson 2002) or there was no correlation at all (Lieberman 1999. Divett et al. 2003. McIlroy and Barnett 2000. O’Brien and Jones 1995. Sharp and Sharp 1997. Smith et al. 2003).

Further study stated that the success of loyalty program came from factors such as: determination of giving away the reward (Dowling and Uncles 1997. Yi and Jeon 2003), easy to be used (Cigliano et al. 2000), company’s ability to process the data effectively (Palmer et al. 2000), the efforts needed to create the reward program (Kivetz and Simonson 2002), unity between rewards and brand image (Roehm et al. 2002), and members’ ability to understand the value of giving reward program (O’Brien and Jones 1995).

METHODS

The origin of this program is the existence of community. A community is defined as group of individuals with whom they interact with each other.
Community can also be recognized from similarity, specific character, places where they live, members fondness in choosing certain thing until choosing the brand that they like. The relationship of one community with the others can also affect the brand choice. This is the beginning of the evolution of community network that put attractiveness toward certain thing and brand. Definition of market place communities started from Boorstin theory in 1974. In a market place community there is an invisible community created from what and how ways of human consumption can be fulfilled.

Another community named brand community was described by Muniz and O’guinn (2001) as a community that is not bounded by geographical line. It consists of structural social relationship among branded product users. Muniz and O’guinn described brand community as pure relationship among brand consumers. By building relationship between the same brand users, the culture of consuming that particular brand can be developed (Grubb and Grathwohl 1967. Aaker 1997). Combining the market place community theory and brand community theory, a new description appears that brand community will focus on consumers. Brand, product, brand marketing, product marketing and consumers, all become one. The usage of brand will finally merge into habit or community culture (Holt 1998).

Moreover the consumers’ perception of brand choice will likely to be varied especially from their social status, time and place of where that certain brand is distributed. Geographical factor is also the most important factor of the emergence of brand loyalty diversification. Muniz and O’guinn (2001) found that geographical line is not a barrier for brand community, while Holt (1995) stated that the community as concentrated in certain regions, and Boorstin (1974) found that the community is scattered evenly. The community can even be found everywhere including in the internet world. Other factor connected indirectly to brand community is the interaction between brand communities that can enrich the brand using or not at all (Fischerm Bristor & Gainer 1996).

Other factor that can be a reference to determine the development of brand community is the temporality of taste from the people. Stability of interest of a brand community can be an opportunity for marketers. Although one community has less stability than the others, still they can pass some information regarding the brand that they have been consuming. Other community can get an insight from certain brand consumption (Arnold and Price 1993). All characteristics that Muniz and O’guinn described starting to show its red line such as awareness of similarity in taste, sharing of tradition and consumer habit for the certain brand thus morale responsibility following consumers’ brand consumption. Awareness of the same taste leads toward wanting to own the brand and be respected by other brand users. A new user who has just felt the benefit of a brand will want to find out and join that certain brand user community in order to fulfill the curiosity. The curiosity will lead to knowing more deeply about the brand. Different background of people in the brand community will affect the perception and treatment of the product and brand. New member in the community will perceive products and brand as an accessory and prestige whilst senior members perceive products and brand as a way of life and other values of how the products shape their life. Gathering is one of the ways to share benefits of the product or brand. Mutualism relationship can be created from this kind of activity.

The mutualism relationship of brand users is the new experience that builds the effort to fuse themselves within the community. For the senior user, they will get status of leader and get respected so that the prestige value is highly added within the community. In general, all members will get benefits of exchanging information and knowledge among members and tighten the togetherness and the created positive values (Gouldner 1960. Sahlins 1972), for example the Harley and Jeep users. By having gathering or automotive jamboree, closeness and togetherness will be created among users or members. This will result in formulation of Muniz and O’guinn’s three discoveries which are causing morale responsibility to emerge followed by brand consumption by consumers. Morale responsibility means that using the product or brand is also a way to show and practice consumers’ interest. Ritual consumption can increase the brand value and the attributive products. Brand using is no longer seen as consumption or a sale but has evolved to be an important value in the users’ life and manifestation of users’ interest.

Based on the previous research about sense of community, it was stated that consumers were willing to take part in a certain brands so that communal loyalty program was created (McAlexander et al. 2002. Muniz and O’guinn 2001).

However the reason of why consumers participate in the program has not yet been clear to be elaborated. McMillian and Chavis (in Rosenbaum et al. 2005) stated that consumers acquire togetherness if they get the four benefits when joining certain groups: Membership; to raise togetherness, Influence; to raise the feeling of needed, Integration and fulfillment of needs; a feeling where members’ need can be fulfilled by having gathering events, shared emotional connection; Commitment where members share past experiences, places of interest, time and similar experiences.
Membership is a condition where one feels that one is experiencing a process of getting closer with a certain group so that one feels entitled being within the group. In other words, someone who has a feeling of comfort when being within the group (Rosenbaum et al. 2005).

Influence refers to members’ ability to influence group decision or the other way around, for example Harley Davidson holds an event where members can have discussions with Harley Davidson management (Muniz & O’guinn 2001). Integration & fulfillment of needs are concept that refers to feeling of appreciation that group members have by participating in group’s event. McMillian and Chavis (1986) stated that this principle can raise respect and status placing for members. Shared emotional connection is concept describing that being a member of a group will make the brand of the company as a part of customer’s life. For example, a member of a Harley Davidson club will put on all attributes from the club because the member feels that the attributes represent the member’s identity (Belk 1988. Oliver 1999. Shouten and Alexander 1995).

Understanding how or why loyalty is formed on customer is a very important issue for the management nowadays. The current challenge for companies’ management is not satisfying their customer, but turning customer into satisfied, and loyal customer because a lot of other competitors are able to do it, (Kotler 2003). In a competitive market, turning customer into loyal customers is the key to get the biggest market share according to Jarvis and Mayo (in Luarn and Lin 2003) and developing competitive advantage that supports it according to Kotler and Singh (in Luarn and Lin 2003).

Aaker (in Luarn and Lin 2003) has discussed the role of loyalty in the brand equity process and especially giving notes that brand loyalty leads toward marketing advantage such as cost cutting, more new consumers and the effect of extensive trade. Brand loyalty is not entirely seen from how much a consumer buys stuffs but more to the consumer behaviour toward the brand or about the content of the brand. By focusing on consumer behaviour, the basic understanding relationship between brand and its consumers can be described. Brand loyalty is a continuous process of keeping and maintaining important and close relationship that were created due to trust (Chaudhuri and Holbrook 2001).

Specifically, consumers who are loyal to brand are willing to pay more for a product when they feel additional value from the brand which cannot be found on other brands (Jacoby and Chestnut 1978. Reichheld 1996). The uniqueness meant here started from consumer trust to brand which cause the brand to be still trustworthy as main choice thus ending with the positive value that can be acquired from that particular brand that no other brand have. Sales will also increase as the marketing network increase thus the repetitive consumption of the same brand over and over again which will affect brand choice for new users (Assael 1998).

The frequency of using certain brands will also elucidate the level of consumers’ fondness which will make it easier for the company that creates the brand to get more value through innovation so that consumers will stay loyal in using the brand and the image (Upshaw 1995). Brand loyalty has always ended up with getting more profit for the company. Marketing expenses will be less because there is already direct marketing done by the brand current users to new users. (Aaker 1991). Oliver (1999) defined brand loyalty as a deep commitment to use or buy certain product or service continuously for a longer time so that there is an increase in sale although market situation and consumer behavior can be some risks in altering consumers’ loyalty of certain brand. The definition describes two important aspects of brand loyalty; behavioral aspect or consumer behavior toward brand and attitudinal or consumer behavior toward chosen brand (Aaker 1991. Assael 1998. Jacoby and Chestnut 1978). And so, the focus of brand loyalty itself toward behavior theory must be amplified (Dick & Basu 1994).

According to Aaker, behavior is how often consumer purchase a brand and feel comfortable in using the brand and the value obtained by the brand. The effect of brand is also potential to get the positive emotional responses from consumers in general. To get loyalty from a brand, first there must be trust to the brand. Brand trust is the consumers’ willingness to depend on the brand’s ability to function accordingly to their demand and provide the best for them (Moorman, Zaitman & Deshpande 1992).

According to Doney and Cannon (1997), brand marketers must be able to present trust and focus on trust in order to keep the brand stability and considered serious by consumers. They also stressed that brand must undergo certain thorough calculations based on product capability or product service to match market demand. This thought is also supported by Sheth and Parvatiyar (1995) who stated that the logic behind brand existence is sending trust to the market, especially in a condition where there is no direct connection between consumer and company.

Another reason to support this opinion is the unique values within a brand in the consumer eyes depend on how much trust that consumers put in a certain brand compared to other brands (Chaudhuri and Holbrook 2001).
A person's brand loyalty is clearly shown on how often the person purchases or uses certain brand product (Keller 1993). Specifically, loyal consumers of certain brand are willing to spend much money no matter how big it is to get the product of the brand because of its uniqueness or certain specific value that can not be acquired from any other brand (Jacoby & Chestnut 1978. Reichfeld 1996). Uniqueness or specific value derives from consumer trust on brand or as the result of using the brand's product.

Brand loyalty program can increase wider market development when the same brand is repeatedly used by its loyal consumer in any circumstances (Assael 1998). Considering all existing factors, a loyal consumer of a brand will stay loyal to use the brand and associated themselves as the brand loyal user (Upshaw 1995). The brand loyalty concept depends solely on behavior side or the consumer behavior side (Oliver 1999. Zeithaml, Berry & Parasuraman 1996). Therefore it can be concluded that defining brand loyalty beyond the operational measurement limit (usually on the marketing side) requires a solid correlation with other part of marketing, should the definition needs to be expanded (Dick & Basu 1994).

In the new literature (Falkenberg 1996. Hooley et al. 2005. Srivastava et al. 1998, 2001) stated brand equity as asset based relationship because the relationship exists outside of the company and exists in a relationship nurtured between consumer and a brand. There are some researches in marketing that contribute to marketing asset based relationship such as: brand equity itself (Aaker 1991. Keller 1993. Shocker, Srivastava & Rucket 1994), consumer satisfaction (Anderson & Sullivan 1993), thus strategic relation management (Anderson & Narus 1996). These researches reveals that consumer relation with a company will be strong when companies use its ability to know the buyer's needs thus how to build a permanent relationship with their loyal consumers.

The concept of market-based asset can be developed and renewed by comparing it with tangible asset that is easier to be calculated. It can also be used by companies to reduce cost because of strong relationship with consumer which can decrease sales cost, and get highest price because the value of company also rises then it is able to create competition limit and provide additional value for company to keep on competing, and provide more options for managers to make decisions.

Market-based asset can also be used to increase customer value. Market-based asset is also good because it focuses on companies’ knowledge of consumer demand (Barney 1991). Knowledge is the source of many opportunities (Brucker 1993. Leonard-Barton 1995). Knowledge is used in every part of company's activity. The creation of relationship is also very important for companies because it is used in developing company and it becomes relationship marketing (Sheth & Parvatiyar 1995). Basically, knowledge and good relationship will make competitors have problems to compete moreover in battling over a market. If a company uses knowledge to win consumers’ heart and attention, then competitors will have to find other knowledge to snatch away consumer’s heart. Through channel and brand equity, relationship with consumer is strengthened, thus it makes possible for all human resources in the company to go along and contribute in company's activity such as developing new product, and also developing existing product (Leonard – Barton 1995), even in renewing solutions that has been developed by company (Pine 1993).

In relationship with the exploitation discussion that has been developed by company, market-based asset emphasizes on network or company’s product circle. A company is a link to a network between formal relationship and informal relationship with others (Quinn 1992) including company’s ability to increase and decrease knowledge thus good relationship with consumer is more than what has been estimated before.

Brand equity itself shows the needed quality to create continuous and healthy level of rivalry. Brand equity also adds brand value to consumers thus helps create defensive to stand in competition, and the process is complicated and cannot be copied by any other companies (De Chernatony and MacDonald 1992).

Brand equity is valued as an asset that can be seen from how the company’s financial performance achieves high value (Farquhar 1989), sales and market that becomes higher and wider (Hooley et al. 2005), faster market entry process (Robertson 1993) and how the respond on brand promotion (Hooley et al. 2005). In short, brand equity as market-based asset relationship can be described as the function of relationship between brand and consumer (Ambler 1997), that describes trust as the main key in understanding brand equity.

Based on the previous research about sense of community, it was found that consumers want to take charge in company’s brand, and so it is why communal loyalty program was created (McAlexander et al. 2002. Muniz & O’Guinn. 2001).

The research of McMillian and Chavis (in Rosenbaum et al. 2005) stated that consumer gets the feeling of togetherness if they get all benefit or profit in joining certain groups.
The benefits are: Membership, to nurture possession; Influence, to nurture feeling of needed; Integration and fulfillment of needs, a feeling where members' needs are fulfilled by gathering; Shared emotional connection, where members share past time experiences, regular places to visit, share time together and share similar experiences.

Understanding how and why loyalty is formed on customer is the crucial management issue nowadays. The challenge is not how to make customers satisfied, because a lot of other competitors can do the same but how to make customers satisfied and loyal (Kotler 2003). In a competitive market, being able to form consumer loyalty is the key to achieve the biggest market share according to Jarvis and Mayo (in Luam and Lin 2003) and developing competitive advantage that supports it Kotler and Singh (in Luam and Lin 2003), Aaker (in Luam and Lin 2003) has discussed the role of loyalty in brand equity process and especially in giving notes that brand loyalty aims at marketing superiority such as cost reduction, more new consumers and wider trading influence.

Based on the aforementioned opinions, the hypothesis is as follow:

H1: Sense of Community (Membership, Influence, Integration and Shared Emotional Connections) has a positive influence toward Resistance to Competitor Overtures.

In relation with brand equity, then brand loyalty itself does not always speak about how much sales have been done but how a brand can be recognized in the market. The understanding of market behavior toward the brand that we possess will be the basic understanding of the relationship between brand and consumer. So, brand loyalty emphasizes more to the existing process of continuing and escalating relationship based on trust (Chaudhuri and Holbrook 2001).

According to Sheth and Pravatiyar (1995) the strong reason of brand existence is that brand is company's extension to reach out to consumers directly and closer. Another argument is that consumer's trust of a brand will make the brand stands itself compared to other existing brands (Chaudhuri and Holbrook 2001). Based on the aforementioned opinions, the hypothesis is as follow:

H2: Sense of Community (Membership, Influence, Integration and Shared Emotional Connections) has a positive influence toward Brand Loyalty.

And last, one of the characters of brand that has high equity value is that consumer is always loyal to it. Moreover by introducing and choosing the same brand continuously by consumers, it can bring profit in the marketing system and surely the influence toward sales result. (For example: reduction of marketing cost, price premium, etc). (Aaker 1991. Belo and Holbrook 1995. Park and Sinivasan 1994).

Based on the aforementioned opinions, then the hypothesis is as follow:

H3: Brand Loyalty has positive influence toward Brand Equity.

The demographic characteristics of research data that was collected from 100 customers Consists of: 41% male, and 59% female. From both genders, 15% was from senior high school/vocational school, 4% was from academy, 16% from diploma, 56% from bachelor degree, and only 9% from postgraduate degree. Their occupation are 9% students 66% employees, 1% civil servants, 1% military/polic officers, 1% entrepreneur, 2% teacher/lecturers, and 7% professionals. From 100 customers, 34% origin of membership card was from department store, 8% from health center, 4% from product, 16% from restaurant and café, 11% others, and 27% of combination answers. The functions of membership card are as discount card (37%), member card (19%), rewards card (3%), point card (10%), and 31 of combination answers. From 100 customers, 6% joined before 1999, 12% joined between the year 1999 and 2001, 24% joined between the year 2002 and 2004, 58% joined between the year 2004 and 2006. And the last demographic characteristic, from 100 customers 56% use their membership card below 10 times for the last six months, 26% between 10 to 15 times, 11% between 15 to 20 times, and 7% use their membership card more than 20 times for the last six months.

**RESULTS AND DISCUSSION**

Based on table 1, the average standard deviation value of 0.61685 until 0.94231 shows that the spread is relatively small which means that the respondents' answer is relatively homogeneity. Based on the variables, it can be seen that sense of community has rather different average value of respondents' answer with its minimum value of 1.44 and maximum value of 5.11 and mean value of 3.4167. It means that the consumers averagely answered neutral to the variable's list of questions. Based on the variables, it can be seen that resistance to competitor overtures and loyalty has rather different average value of respondents' answer with its minimum value of 2.00 and maximum value of 4.75 and mean value of 3.4425. It means that the consumers averagely answered neutral to the variable's list of questions. Based on the variables, it can be seen that brand loyalty has rather different average value of respondents' answer with its minimum value of 1.00 and maximum value of 5.50 and mean value of 2.8575.
It means that the consumers averagely answered neutral to the variable’s list of questions. Based on the variables, it can be seen that brand equity has rather different average value of respondents’ answer with its minimum value of 1.25 and maximum value of 5.25 and mean value of 3.1825. It means that the consumers averagely answered neutral to the variable’s list of questions. Table 1 below is the result of descriptive statistic processing of the research variables.

Table 1. The result of descriptive statistic

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sense of community</td>
<td>100</td>
<td>1.44</td>
<td>5.11</td>
<td>3.4167</td>
<td>0.65409</td>
</tr>
<tr>
<td>Membership</td>
<td>100</td>
<td>1.67</td>
<td>5.67</td>
<td>3.4533</td>
<td>0.76618</td>
</tr>
<tr>
<td>Integration</td>
<td>100</td>
<td>1.00</td>
<td>5.50</td>
<td>3.4500</td>
<td>0.91425</td>
</tr>
<tr>
<td>Influence</td>
<td>100</td>
<td>1.00</td>
<td>6.00</td>
<td>3.2700</td>
<td>1.27806</td>
</tr>
<tr>
<td>Shared</td>
<td>100</td>
<td>1.00</td>
<td>6.00</td>
<td>3.1900</td>
<td>1.09816</td>
</tr>
<tr>
<td>resistance to competitor overtures</td>
<td>100</td>
<td>2.00</td>
<td>4.75</td>
<td>3.4425</td>
<td>0.61685</td>
</tr>
<tr>
<td>Brand loyalty</td>
<td>100</td>
<td>1.00</td>
<td>5.50</td>
<td>2.8575</td>
<td>0.94231</td>
</tr>
<tr>
<td>Brand equity</td>
<td>100</td>
<td>1.25</td>
<td>5.25</td>
<td>3.1825</td>
<td>0.89743</td>
</tr>
</tbody>
</table>

Hypothesis 1. The hypothesis in this research uses simple regression analysis for testing. The hypotheses are: H₀: Sense of Community (Membership, Influence, Integration and Shared Emotional Connections) does not have significance and positive influence toward Resistance to Competitor Overtures. H₁: Sense of Community (Membership, Influence, Integration and Shared Emotional Connections) has significance and positive influence toward Resistance to Competitor Overtures.

Table 2. The result of regression test

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>β</th>
<th>T</th>
<th>p-value</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sense of community ➔ resistance to competitor overtures and loyalty</td>
<td>0.199</td>
<td>2.136*</td>
<td>0.035</td>
<td>0.044</td>
</tr>
</tbody>
</table>

*: Significant on p < 0.05, ns : not significant

Table 2 shows the result of simple regression testing for sense of community variable as the independent variable to resistance to competitor overtures and loyalty as the dependent variable. Based on the t-test as partial testing of each independent variable to its dependent variable, p-value of 0.035<0.05, and ² = 0.199, then it means that sense of community variable has significant and positive influence toward resistance to competitor overtures and loyalty.

Hypothesis 2. The hypothesis in this research uses simple regression analysis for testing. The hypotheses are: H₀: Sense of Community (Membership, Influence, Integration and Shared Emotional Connections) does not have significance and positive influence toward Brand Loyalty. H₁: Sense of Community (Membership, Influence, Integration and Shared Emotional Connections) has significance and positive influence toward Brand Loyalty.

Table 3. The result of Regression test

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>β</th>
<th>T</th>
<th>p-value</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sense of community ➔ brand loyalty</td>
<td>0.154</td>
<td>1.064*</td>
<td>0.290</td>
<td>0.011</td>
</tr>
</tbody>
</table>

*: Significant on p < 0.05, ns : not significant

Table 3 shows the result of simple regression testing for sense of community variable as the independent variable to brand loyalty as the dependent variable. Based on the t-test as partial testing of each independent variable to its dependent variable, p-value of 0.290<0.05, and ² = 0.199, which means that sense of community variable does not have significant influence toward brand loyalty. The result shows that sense of community (membership, influence, integration and shared emotional connections) does not have significance and positive influence toward brand loyalty. Hypothesis 3. The hypothesis in this research uses simple regression analysis for testing. The hypotheses are: H₀: Brand Loyalty does not have significance and positive influence toward Brand Equity. H₁: Brand Loyalty has significance and positive influence toward Brand Equity.
Table 4 shows the result of simple regression testing for brand loyalty variable as the independent variable to brand equity as the dependent variable. Based on the t-test as partial testing of each independent variable to its dependent variable, p-value of 0.000<0.05, and $\beta^2 = 0.566$, it means that brand loyalty variable has significant and positive influence toward brand equity. The result shows that brand loyalty has significance and positive influence toward brand equity for $\beta^2 = 0.566$.

Table 4. The result of regression test

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>$\beta$</th>
<th>T</th>
<th>p-value</th>
<th>$R^2$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand loyalty $\rightarrow$ Brand equity</td>
<td>0.566</td>
<td>7.309*</td>
<td>0.000</td>
<td>0.353</td>
</tr>
</tbody>
</table>

*: Significant on p < 0.05, ns : not significant

CONCLUSIONS

It can be concluded based on the hypotheses in this research that sense of community has significant and positive influence toward resistance to competitor overtures and loyalty thus brand loyalty has significant and positive influence toward brand equity. These were proven by partially testing the variables in the hypotheses.

Based on the research findings, membership managers should nurture good relationship with membership card by owner continuous innovation in developing new ideas in the customer loyalty program such as adding more benefits to their membership card, to the brand, to the product or service, thus having gathering event or other social events in order to nurture togetherness and brotherhood. From the social events, there will be brotherhood exchange of information between the new brand users (junior) and the senior brand users. The senior brand users can give information about the advantage and the service of the brand product to the juniors, then the juniors will affect their closest people with the information so that from not knowing they will become aware and know about the product or the service of the brand which will end up with buying the product or using the service and joining the community.

With innovation in developing new ideas in the customer loyalty program which is applied to the community, indirectly company has done covert marketing which is effective and efficient point to the brand’s product or service to continually have the capacity to compete among the competitors especially in this globalization era, where information about competitor’s weaknesses can be obtained swiftly and easily. Companies should also maintain the efficiency and quality of every product and service offered to consumers so that they will stay loyal to our product or service and its loyalty program.

By maintaining quality control to the products and services that are offered to the consumers and by always performing innovation to the loyalty program which orienting to tighten up the relationship between customer and company, will then the value will be increased. So, consumers not only buy brand of the product or service offered by companies (brand equity) but also get the value within. The values will be a competitive advantage that will bring the company to stay on top of the competition in the recent globalization, information and free trade era.

REFERENCES


