Building Customer-Brand Relationships on the Internet:

Development of an Online Brand Equity Model

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Abstract

Branding via the Internet is very important to e-commerce companies. The purpose of this paper is to develop a customer-based brand equity model for measuring and managing of online brand equity. The developed model is a cause-and-effect model linking customer-brand relationships to rational and emotional brand associations, as well as rational and emotional brand evaluations. The customer-brand relationships are characterised by loyalty, based on both behaviour and attitude. As branding is a very complex concept, even further complicated by the inclusion of the Internet dimension, it is important to determine which of the many branding elements should be included in the model. This paper discusses why a given aspect is important for a brand's equity and which relations exist between the included variables from a theoretical perspective. The model provides insight into the creation of a brand's equity and can thus be used as a basis for a decision support system in the brand management process.

Keywords: Brand management, brand equity, online branding, e-commerce, emotional associations, emotional evaluations, customer-brand relationships, customer loyalty.

1. Introduction

Brand equity has become one of the most important marketing concepts since the late 1980s, both in academic research and business practice (Srinivasan et al., 2001, p. 1). ”Brands are at the heart of marketing and business strategy” (Doyle, 1998, p. 165) and building brand equity, or strong brands, is considered to be one of the key drivers of a business’s success (Prasad & Dev, 2000, p.22).

An increasing number of consumers are embracing the Internet and spend more time searching for information as well as shopping online. Thus, a proactive Internet strategy is needed to position online branding as a significant element of the company’s collective branding activities. The customers’ total experience is created via the company’s different communication channels, including the Internet. When the customer interacts with the company via the Internet, the experience must be consistent and in accordance with customers’ offline brand experience, that is in the physical world. A company that has achieved a unique image through offline channels can ruin everything if it has no concept of how to create an equal or better experience online. A company can have the most attractive products and services, competent employees etc., but if the customer finds that the website does not live up to the *brand promise* and the set of *brand values* the company offers offline, e.g. because the website is lacking content, is boring and/or confusing etc., it will stimulate a negative value experience of the website with the customer. Ultimately, this would have serious consequences for the company’s general reputation. Thus, companies branding themselves via the Internet should create an added value, which the consumers cannot get anywhere else, and which could thus lead to a desire with the consumers to build loyalty and relationship to the brand.

Until now, companies branding themselves on the Internet have not had an effective measurement instrument for the consumers’ perception of the brand, and thus the brand value created via the Internet. Therefore, it is essential to include the online perspective in brand equity measurement and management.

When we talk of a brand's equity, we mean a brand's mental equity. Our approach to measuring brand equity is customer-based, concentrating on measures related to the consumer mindset; that is, the associations, evaluations and relationships customers have toward the brand. Dyson et al. (1996, p. 6) highlight the importance of this approach in writing that: " …brands exist in the minds of their potential consumers and that what those consumers think of a particular brand determines the value it has to its owner. A brand's foundations are, therefore, composed of peoples' intangible mental associations about it. In placing a value on a brand, we are placing a value on the strength and resilience of those associations".

The most successful companies today are said to have strong brands. But what is a strong brand? What makes a brand strong, specifically on the Internet? How do we build a strong brand on the Internet? To help answer these questions, we have developed a conceptual model of online brand equity.

Today's companies attempt to differentiate themselves by creating associations in the minds of the consumers that add extra value in the form of emotional benefits, which extend beyond product attributes and functional benefits.

According to Aaker (1996a, p. 97), brands create emotional benefits, if the consumer experiences a "feeling" when buying or using brands. Emotional benefits add depth and value to the experience of owning, using or being in contact with a brand. Because of feelings' unique influence upon the rational evaluation of a brand, Goodchild & Callow (2001) describe the emotional benefits as "the heart of a brand". If the consumer chooses brands with the heart, this is because of the emotional benefits.

When planning the marketing strategy, it is important to gain a deeper understanding of how brand associations and evaluations are created, especially via the Internet, whether their nature is rational or emotional and to which extent the rational and emotional brand associations and evaluations affect each other.

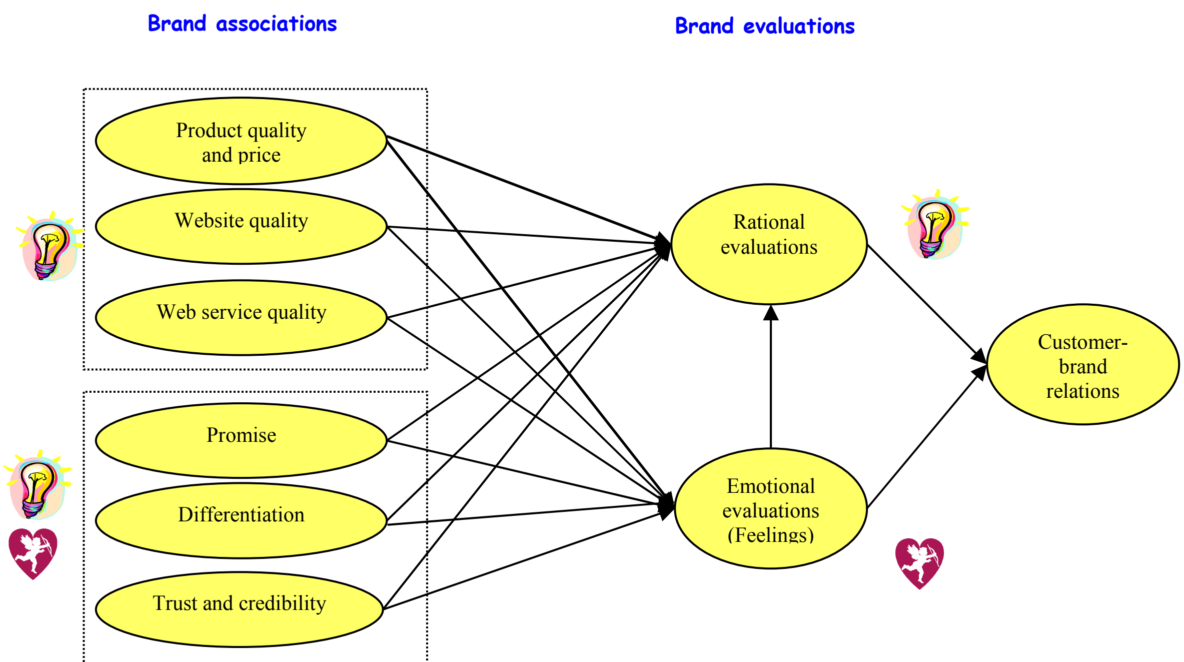
The Online Brand Equity Model was developed to fulfil four main requirements. First, the model should be logical, well integrated and well founded. The model should be based on state-of-the-art academic theories and practices about branding. Second, the model should be simple, yet sufficiently comprehensive to include the most important brand equity topics. Third, the model should be applicable to all possible types of brands and industries, to ensure comparability of the measurements. Fourth, the model should be diagnostic and actionable, i.e. the model's estimates should provide relevant information to support strategy and decisions in the brand management process.

2. A conceptual model of customer-based online brand equity

Figure 1 shows the conceptual Online Brand Equity Model formulated as a causal model. The model links the final response variable, customer-brand relationships, to the drivers rational brand evaluations and emotional brand evaluations, which are in turn linked to product quality, web site quality, web service quality, brand promise, brand differentiation and brand trust and credibility. The model proposes two routes to creating brand equity; a rational route and an emotional route, as well as combinations of these routes.

The development of the model is based on relevant theories and empirical studies, as well as practical experience with the measurement of brand equity, brand performance and loyalty. The main inspiration comes from Franzen's (1999, p. 129) components of brand equity, Keller's (2001a; 2001b; 2003) Customer-Based Brand Equity Pyramid, Aaker's (1996a) brand value proposition, Martensen & Grønholdt's (2004) brand equity model and the European Customer Satisfaction Index's (ECSI) model framework and experiences (EPSI Rating, 2002; Grønholdt et al., 2000; Kristensen et al., 2000; Martensen et al. 2000). Furthermore, we have included relevant theories within the online branding area (Rubinstein & Griffiths, 2001; Lindström & Andersen, 2000; Kearney, 2000; Porter, 2001; Timacheff & Rand, 2001).

Figure 1. The Customer-Based Online Brand Equity Model



The arrows in the model show the hypothesised relationships between the variables. These relationships are supported by theoretical and empirical studies.

Further specified, the model is a structural equation model with nine latent variables, each measured by a set of measurement variables, observed by survey questions to customers.

In the following, we will discuss the concepts of each of the nine latent variables, as well as which relations can be assumed to exist between them. Further, we will make suggestions for which survey questions could be relevant to include in the measurement instrument related to the online brand equity model.

Appendix 1 lists the 33 selected measurement variables (survey questions) for the operationalisation of the latent variables in the model. The survey questions are designed in a generic way, meaning that they are formulated in general terms, allowing them to be used across brands and companies. One of the methodology's central elements is the use of a harmonised model and measurement instrument with generic questions. Hereby, the estimated results of the model are comparable across brands. The questions listed in Appendix 1 are exemplified by the corporate brand KILROY Travels (cf. section 7). These questions have been developed based on the experiences gained from Martensen & Grønholdt's (2004) Brand Equity Model, with the inclusion of questions specifically relating to the Internet perspective. Several statistical analyses have been carried out to select and assess the final survey questions and provide methodological validation for the latent variables in the brand equity model. Analyses of internal consistency reliability, exploratory factor analyses and confirmatory factor analyses were carried out, and the results provided evidence of reliability and construct validity (Grønholdt & Martensen, 2004; Grønholdt et al. 2004).

3. Brand associations

Aaker (1996a) defines brand associations as: 'Anything linked in memory to a brand'. The company uses brand associations to evoke strong feelings in the consumer, and in this way tries to differentiate itself and create a strong position in relation to the competition. The consumer uses brand associations as a help to organise and control information in the memory. In this way, the associations form the starting point for the consumer's impressions and opinions of a brand and for the choices s/he makes about buying and using different brands (Keller, 2001a, p. 9). The company that most successfully creates positive associations via its communication and actions will, all other things being equal, be the most favourable in the consumer's mind.

3.1 Rational brand associations

Product quality and price

Consumers' rational brand associations are based on perceived product quality. Quality may be seen from the consumer's perspective, i.e. the consumer's subjective evaluation of a product's quality is what counts. Different consumers have different needs and wishes, and the products of the highest quality can best satisfy these needs. Based on Garvin's (1984) dimensions to be used for assessment of the overall product quality, we have chosen four dimensions, which we feel are relevant to our problem:

- *Conformance to specification*: the degree to which a product's design and operating characteristics meet established standards (survey question Q15 in Appendix 1).
- *Performance*: primary operating characteristics of a product (Q52).
- *Features*: secondary characteristics of a product, which supplement the basic functioning of the product (Q52).
- *Name*: This dimension refers to consumers' inferences about quality when it is not easily judged by direct observation, from e.g. brand name, the firm's reputation, advertising, etc. Does the name mean quality? What is the firm's image (Q55)?

In our measurement instrument, performance and features have been merged to allow measurement of the quality of the company's products and services.

Price is one of the elements of the traditional marketing mix, and price is often stressed as a driver in customer satisfaction and loyalty models (Johnson & Gustafsson, 2000, p. 65, 107; Johnson et al., 2001, p. 231, 233). Especially in branding, price is important as an explanatory variable, because a significant contribution to a brand's financial equity is the price premium, which the consumers are willing to pay, compared to the price for competing brands or private labels (Franzen, 1999, p. 116). Accordingly, Keller (2003, p. 82) emphasises price as an "important type of attributes and benefits that often underlie brand performance". In Franzen's (1999, p. 129) components of brand equity price is also included. Consequently, it is important to include perceived price as a functional driver in the brand equity model, as price and perceived quality result in the perceived value of the brand (Franzen, 1999, p. 108). Rust et al. (2000, p. 74, 77-79) emphasise price as a driver of value and thus customer equity.

In our model, price is measured by the use of two survey questions, which reflect the perception of price level (Q50) and price in relation to competing brands (Q53), respectively.

Website quality

Kearney (2000) has developed *The 7 C´s framework* including seven dimensions capable of creating added value on the Internet and thus has a significant impact on the consumer's quality experience of the company as an Internet brand. Kearney's (2000) 7 C's framework consists of:

- *Content, Convenience, Communication, Customer Care, Connectivity, Community, and Customisation.*

We find that 6 of the 7 C's are relevant to our problem, one of which to be so important that it features as an independent variable; i.e. *Customer care*, which according to Figure 1 is termed *Web* s*ervice quality* (see the following section). To limit the number of questions on a generic level, we have chosen to formulate a general question (Q43) and a question that can be related to *Content* (Q31) and *Convenience* (Q36). The remaining three dimensions are covered by specific questions, and will be discussed in more detail by Grønholdt et al. (2004). We will, however, briefly discuss each of included Cs.

Content refers to the importance of the website containing relevant and useful content. The consumers' experience of the website is dependent on whether it contains relevant information such as e.g. product information, services and entertainment (Q31). If the consumers assess that the content is irrelevant, it may have a negative influence on the consumer's general value perception.

Convenience refers to the consumers' level of convenience and ease in navigating the website. The website should be easy to navigate and download fast (Q36). In addition, the level of user friendliness has a great impact on the consumer's experience. Convenience also relates to the fact that consumers should experience a timesaving effect by visiting the website, and that the website is accessible and functional 24 hours a day every day.

Regarding *communication*, the consumers also greatly value the possibility for two-way communication on the website, so they may control the information better and offer responses. It is also important that the consumers feel that the company supplies consistent communication and credible messages on the website, so that they experience a greater level of security of the company and its brands on the Internet. In addition to the verbal communication, the consumers' experience is also affected by the visual communication. A good web-layout makes the website easy to survey and similarly if the text and illustrations complement the messages, it also affects the consumers' general experience.

Customisation refers to the idea that the site should offer the consumer customised information and relevant newsletters, which have been adapted to their individual needs.

As to *connectivity*, the consumers' experience will also be affected by whether the website offers relevant links, which can help the consumer obtain a better information basis and thus a better value experience.

Web service quality

Customer service is a critical factor, affecting online as well as offline purchasing behaviour (Griffith & Krampf, 1998; Page & Lepkowska-White, 2002). For example, a recent study conducted by Forrester Research found that 90 percent of online shoppers consider high quality customer service crucial when selecting an online retailer (Kroll, 2000).

One of the most well known measuring instruments for measuring service quality is no doubt Parasuraman et al.´s (1988) SERVQUAL. The authors found five dimensions to be generally valid for service industries (Zeithaml el al., 1990; Zeithaml & Bitner, 2003, p. 82). The measurement of service quality on the Internet (also known as C*ustomer care* in the 7 C´s framework) has proved to be a somewhat different than offline. The most significant reason for this is that the online consumer does not have direct contact to the employees and thus is unable to assess the quality of *customer care* in the same way as offline consumers, who are in direct contact with the employees. As a consequence of the indirect form of communication, the online consumers find it difficult to assess the *degree of reliability, empathy* and *tangibility,* which Parasuraman et al. (1988) recommend in offline situations. However, we have found that the remaining two SERVQUAL dimensions are useful from an Internet perspective:

- *Responsiveness:* willingness to help customers and provide prompt service (Q49)
- *Assurance:* employees` knowledge, courtesy and ability to inspire trust and confidence (Q46)

The two dimensions are aimed at delivering service. When the case is pure service, online service quality is, of course, a dominating element in consumers' associations and evaluations. However, even in those cases where customer care and services are offered in combination with a physical product, service quality is essential to customer satisfaction (Zeithaml & Bitner, 2003, p.81)

3.2 Rational and emotional brand associations

Brand promise

The types of associations in focus here are the intangible aspects of the brand, i.e. the more abstract images the consumers have in connection with a brand. Ambler (1992) defines a brand as ”the promise of the bundles of attributes that someone buys that provides satisfaction. The attributes that make up a brand may be real or illusory, rational or emotional, tangible or invisible”. This is in accordance with de Chernatony (2001, p. 116), who perceives a brand as "a cluster of functional and emotional values that promises stakeholders a particular experience".

A brand may thus be perceived as a promise – a promise of added value and a quite unique experience that the stakeholders, including customers, can rely on to be consistent over long periods of time (Dolak, 2001, p. 4). This opinion is also supported by Keller (2003), Kunde (2000) and Dart (2002). Aaker (2002), Smith & Wheeler (2002) and de Chernatony (2001) further highlight brand promise as a significant element of a brand, and feel that this promise should be the hub of value creation for the customer. The unique values should mirror meaningful promises to the consumer – promises that are credible and that the brand can fulfil (Q27).

However, if a brand represents a basic promise to the consumers, it will create some expectations of what the brand can offer them. If, for some reason, the company cannot live up to the expectations and a gap results between the promise the company has given and the experience the consumers perceive, it may create negative brand associations and evaluations.

Dart (2002, p. 4) sees (Living-) brands as a promise – and brand essence is a distilled version of that promise. Brand essence is “a single thought that captures the soul of the brand,” Aaker elaborates (2002, p. 45). The brand essence of Coca-Cola, for example, is: Life tastes good; for Disney: Come and live the magic; for LEGO: Stimulating creative play; for Kodak:

Share moments. Share life; and for Ikea: Make a fresh start. As it appears, these most powerful brand essences are based on a fundamental customer need and, in short, the reason for the brand's existence. In addition, they create a clear focus for both consumers and employees (Aaker, 2002, p. 45), e.g. by mirroring how the brand differentiates itself from the competitors.

This view is supported by Dart (2002, p. 4) who believes that (Living-) brands should have charisma, attitude and personality, and that they, via their personality, evoke emotion and add culture and myth to a product. A brand's personality should be based on unique values and innovations that create high value for the consumers (Q29) and that can be easily communicated regardless of where they originate.

However, the value creation should not only take as its point of departure the physical product, but also possibly add some emotional value elements for the sake of differentiation. The brand should merge with the company and appear in a consistent and credible manner, and possess so strong a differentiated value position that it creates positive and warm feelings with the consumer (Q28).

The unique value position upon which the brand is based should naturally take as it point of departure the needs and wishes that the consumers perceive as important and value adding (Q27). If an attribute or benefit is deemed insignificant, it will be extraordinarily difficult to create favourable associations.

Brand differentiation and superiority

The brand should differentiate itself from its competitors and offer the market something unique (Q22, Q23). However, the differences should be perceived as meaningful for the consumer. Keller (2003, p. 4) believes that these differences can be rational and tangible – related to the product performance of the brand – or more symbolic, emotional and intangible – related to what the brand represents.

Associations created based on the company's culture, core values and strategies express that which makes the company unique and special, which may then serve as the point of departure for differentiation (Q23). Aaker (1996a, p.115) puts it as follows: ”The basic premise is that it takes an organisation with a particular set of values, culture, people, programs, and assets/skills to deliver a product or service. These organizational characteristics can provide a basis for differentiation, a value proposition and a customer relationship…” Taking its core values and strategies as the point of departure, a company may thus create associations that make the consumer experience an extra emotional value in addition to the more functional attributes (Q23).

Brand trust and credibility

An essential and very important part of a brand is the trust consumers have in the brand living up to their expectations, both regarding functional and emotional benefits (Aaker, 1996a, p. 245; Jacobsen, 1999; Kapferer, 1997, p. 15, 18-20). The consumers' trust is something that the company should earn and it may be seen as a prerequisite for the development of an attitude-based relation between the consumer and the company. As Gobé (2001, p. xxix) writes: ”Honesty is expected. Trust is engaging and intimate. It needs to be earned” (Q8).

From a consumer perspective, trust helps to reduce the perceived risk linked to the purchase or use of a company's products (Feldwick, 1999, p. 21-24). Trust also provides assurance of quality, reliability, etc. and is thus a factor in providing the consumer with an experience of dealing with a credible and reliable company – a factor that is important in connection with the consumer's decision process. Thus, the company should be careful not to communicate values that they cannot live up to. In the worst case, consumers will lose faith in the company and leave them for their competitors.

Another dimension of this aspect is credibility. It is important for the companies to have high credibility (Q7). Many empirical studies show that the consumers' perception of a company's credibility plays a central role for their perception of and attitude to the company, its products and communication, including ads (MacKenzie & Lutz, 1989; Goldberg & Hartwick, 1990; LaBarbera, 1982). For example, LaBarbera (1982) found that if corporate credibility was not present, then the company's communication would not create a favourable response.

That the company's credibility influences the consumers' attitude toward ads is explained by the contention that when consumers have some knowledge of a corporation, they have already created some perceptions about the company's credibility. These perceptions and knowledge the consumers will use to evaluate any new information they see in ads or other promotion activities. Therefore, as Goldsmith et al. (2000, p. 46) point out "what they think about a familiar brand, will influence their attitude toward the brand's ads".

The company's credibility also plays a significant role for the consumers' purchase intention. Thus, Laroche et al. (1996) found that familiarity with a brand seems to affect consumers' faith in the brand, which will in turn influence their brand purchase intention. Lafferty & Goldsmith (1999, p. 114) found that "…in the case of high corporate credibility, when the brand attributes are lacking, the reputation of the firm may give the consumers more confidence that the product is a good one and make them significantly more willing to purchase the brand". Formbrun (1996) launches a similar argument, i.e. that "…consumers' perceptions of the trustworthiness and expertise of a company are part of the information they use to judge the quality of the company's products and therefore whether they want to buy them or not".

The above-mentioned results confirm that being a credible company considerably influences the consumers' attitude toward the brand and its ads, and eventually the consumers' intention to buy the company's products. Therefore, the company should make a real effort to find out what they need to do to create high credibility among the consumers.

4. Emotional brand evaluations

Feelings

Today, the consumers take excellence in functional features and benefits for granted. In future, the consumers will require brands to ”dazzle their senses, touch their hearts, and stimulate their minds”. They want brands to "deliver an experience" (Schmitt, 1999, p. 57). Therefore, brands should help make life more exciting, and create added value by giving the consumers a number of positive sensorial experiences that will remain in their emotional memory on a level beyond need. Brands should provoke excitement and evoke a higher experience than simply product-function. Brands should create positive feelings with us – we need to feel touched emotionally (Kunde, 2001) (Q17). Consumers buy, people live. People want brands with more promise than simply 'cleaner and whiter teeth'. They want an intense and fantastic experience (Q10). In this way, the kind of memorable emotional brand contact that will establish brand preference and create brand loyalty is achieved.

Barlow & Maul (2000, p. 113) also identified these emotional experiences as very central and characterized them using Steven Covey's metaphor 'emotional bank accounts'. "'Emotional bank accounts' have to do with a reservoir of strong, positive feelings that are deposited and literally stored in customers' memory banks. Each strong positive emotional experience (both material and personal) helps connect the customer to the organization until the customer reaches such a point of connectedness that it is a rare experience for that customer to purchase anyplace else" (Q17). This analogy could also explain why a customer with one bad experience after another is still loyal to a brand. To some extent, this customer has experienced enough positive emotional deposits for him to wish to continue the customer-brand relationship despite everything.

So, even if consumers at first give rational reasons for their choice of brand, consumer research and empirical studies show that the more emotional aspects play at least as big a role as in most decision processes, and that the consumers are very irrational indeed in many of their purchasing decisions.

The reason for such behaviour is that our everyday lives have become very busy and complex, requiring us to continually make a lot of decisions. We simply do not have the time or the energy to base all our choices on rational considerations. And often, we do not have adequate or the 'right' information to only make rational choices. It also happens that the collected information gives rise to conflicting conclusions, and therefore is unsuitable as a basis for a decision.

When a logic solution for the problem is not immediately at hand and a decision must be made, the more emotional evaluations become significant – sometimes interacting with the rational evaluations. As Franzen & Bouwman (2001, p. 33) write, "the emotional brain [is] thus just as involved in our decision-making process as the rational brain. They operate in close interaction with one another, intertwining their two ways of knowing in order to lead us through life. Our emotions feed the thought process, and the rational brain refines the input of the emotions. … Emotions constitute an integrated element of the seemingly most rational decision-making. Whenever thinking conflicts with emotions, emotions win".

Self-expressive benefits and social approval

Dart (2002, p. 1) believes that we live our lives through brands: “brands give us identity, tantalize our taste buds and enrich our life experiences. We all want to affiliate and surround ourselves with things we know, trust and aspire to be” (Q10, Q11, Q14).

Sometimes, we show our values and attitudes through the brands we buy and use. In other words, we use brands to show the world what we find important in life (Q10). Thus, brands can help express our personality (Q11), and by using brands we can indirectly control or influence how we would like others to perceive us. In this way, brands help signal to others who we are and what we stand for or what we would like to stand for, what we find important and would like to support or find less important and maybe even dismiss or oppose.

Within certain circles and subcultures, it is of very great importance which brands you buy. Just think of teenagers who experience significant peer pressure if they do not own the ’right’ labels (Q12, Q13). In this situation, a Nokia mobile phone or Diesel jeans can be crucial to whether or not you are accepted by the group.

Summing up, we can conclude that for certain brands, the signal value is crucial for whether the consumer chooses the brand or not. And for others, in a situation where the core product only differentiates itself marginally, the purchase decision is made based solely on the brand’s signal value.

5. Rational brand evaluations

Brand value

Brands should create value, but what does that mean in concrete terms? It means that when the consumer compares the actual brand experience with the expectations hereof, the experience should equal the expectations or exceed them (Q15). If the perceived quality is less than expected, the consumer will be dissatisfied.

This perception leads to the traditional way of perceiving the value term, i.e. that value is the customer's total experience of the utility of a product /service, based on what is received and given. Value is created based on the relationship between quality and perceived price (Q56). Thus, a product of high value does not necessarily need to create value for the consumer if the price is very high. Conversely, it is true that a product of relatively low quality may be perceived as being of high value, as a result of it being relatively inexpensive. This argument may also be transferred to the competition situation, making it possible to perceive a high value for money compared to what the competition offers (Q57).

All in all, this means that the same value or utility may be achieved in many ways by combining the parameters price and quality, but eventually it is the individual customer's preferences that determine whether the value is low or high (Rust et al., 1996, p. 235) (Q19). Regardless of how the term is perceived it is very central that there exists a strong relation between perceived value and customer loyalty as several empirical studies have shown (Fornell et al., 1996; Anderson & Fornell, 2000; Martensen et al., 2000; Kristensen & al., 2000; EPSI Rating, 2002). The argument is that a consumer who is thinking about buying a product or a service scans the market for possibilities and isolates a small group of alternatives that live up to the consumer's personal requirements. The product among these alternatives with the highest value for the customer will, if possible, be chosen (Q58).

Customer satisfaction

The latent variable customer satisfaction is measured via three indicators: overall satisfaction (Q61), fulfilment of expectations (Q59) and comparison with ideal (Q60). Each question captures different aspects of an underlying satisfaction perception and, as it turns out, these correspond to the three questions that have dominated theory and practice within customer satisfaction measurement (Ryan et al., 1995, p. 11-12). These three questions are also used for measuring customer satisfaction in the American Customer Satisfaction Index (ACSI) (Fornell et al., 1996; Anderson & Fornell, 2000) as well as the European Customer Satisfaction Index (ECSI) (EPSI Rating, 2002).

6. Customer-brand relationships

In the brand equity literature, authors agree that the final brand-building step is customer brand relationships or bonding (Dyson et al., 1996; Franzen, 1999, p. 128-129; Keller, 2001a, 2001b, 2003, p. 76) and that an important element in this connection is loyalty. Several authors have studied the term loyalty, and have looked at the determinants that control loyalty, e.g. Day (1969), Lutz & Winn (1974), Jacoby & Chestnut (1978), Dick & Basu (1994), Oliver (1997) and Fornell et al. (1996). These authors agree that loyalty is a compound concept consisting of both attitudes and behaviour.

The point of this definition is that it is not sufficient to only look at the repurchases and whether there is a pattern to these. It is also necessary to study the attitude the customer has to the product. It is possible for the customer to have a negative attitude to a product and still buy it again and again – e.g. when the customer's favourite brand is not available on a web site, or the customer has limited means etc. So even though attitudes are more intangible than behaviour, these should be combined rather than disregarded in a loyalty context (Johnson, 1998).

We agree with the above point that loyalty should be viewed as a combination of attitude and behaviour.

The behavioural customer loyalty can be measured in the form of the customer's purchase intention and thus expected future behaviour (Q65). The attitudinal loyalty is characterised by a conviction with the customer that the company and its website are unique and particularly attractive compared to the competitors (Q63). The customer's experiences with the company, its products and website are so positive that s/he recommends the company and its website to family, friends and acquaintances etc. A recommendation is thus an expression of a very strong attitude and preference for the company and its website, and thus reflects pure customer loyalty, which has not been forced as a result of lacking purchase alternatives or a relevant website. The advocate effect can be measured by asking about the customer's willingness to recommend the company, brand or web site (Q62).

These are the general ways of perceiving the loyalty term, but Keller (2001a, 2001b, 2003) also includes the term engagement as a loyalty factor. When discussing loyalty, Keller (2001b, p. 19) writes that ”the strongest affirmation of brand loyalty is when customers are willing to invest time, energy, money, or other resources into the brand beyond those expended during purchase or consumption”. A customer who actively seeks knowledge of the brand to learn something new about it, exchanges experiences with other users of the brand, wants to advertise the brand her/himself, e.g. on clothes or a streamer on the windscreen of a car etc., resembles a recommending customer in his degree of loyalty (Q32).

If all the mentioned loyalty conditions are met, the probability of the customer retaining the relationship in future will be great (Q64). Creating a strong enough attachment for it to be important for the customer to maintain the relationship in the future is precisely the end goal of the company's strategic brand management process.

7. Validation of the model

The model and its measurement instrument need to be validated, and for this purpose we have collected data from KILROY Travels, the Nordic region's largest international travel agency for young people and students. KILROY Travels has subsidiaries in six European countries, with 48 sales offices and 7 call-centres located in Denmark, Sweden, Norway, Finland, Holland and Spain.

We carried out approximately 470 interviews with KIROY customers, then analysed the data and estimated the model using a partial least squares (PLS) method. The results have been presented and discussed by Grønholdt et al. (2004), concluding that the data clearly validated the conceptual model.

8. Conclusion and managerial implications

The conceptual Online Brand Equity Model is specified as a structural equation model with latent variables. Each of the latent variables in the model is operationalised by a set of measurement variables, observed by survey questions to the consumers. In the paper, the measurement variables are described and discussed, and candidate survey questions are listed. The measurement variables and questions are designed in a generic way, which means that they are flexible and can be applied across different brands and industries.

The cause-and-effect model provides a comprehensive means of covering important branding topics in general as well as online branding topics in specific. Hereby is achieved a better understanding of the position of a brand in the minds of consumers. By measuring the model, we are given the possibility of obtaining information concerning the customer-brand relationships, customer's associations and evaluations of the brand and the mutual relations between these. The determinants' impact on the customer-brand relationships is crucial for a company's future performance created on the Internet. The impacts will vary in strength and offer ample opportunities for exploring the possibilities of improving the customer-brand relationships and thereby the equity of the brand. In another paper (Grønholdt et al., 2004), we have shown the benefit and practical application of the model, based on the case of KILROY Travels.

Appendix 1

Measurement variables (survey questions) to operationalise the latent variables

Product quality and price
Q52 KILROY offers products and services of high quality on its website
Q55 All in all, the quality of KILROY's products and services on the website are good
Q50 On the website, KILROY offers cheap products and services
Q53 On the website, KILROY offers competitive prices

Website quality
Overall
Q43 All in all, KILROY's website is good
Content
Q31 KILROY's website offers an adequate number of products and services that can be ordered
Convenience
Q36 KILROY's website is user friendly

Web service quality
Q46 KILROY'S e-mail replies are good and competent
Q49 All in all, KILROY's customer service on the website is good

Brand promise
Q27 KILROY creates meaningful promises for me
Q28 KILROY's promise creates positive feelings
Q29 KILROY's promise creates a unique experience on the website

Differentiation
Q22 KILROY has clear advantages compared to other travel agencies
Q23 Overall, KILROY's website is unique compared to other travel agencies

Trust and credibility
Q7 KILROY is a credible travel agency
Q8 I trust KILROY as a travel agency

Rational evaluations
Brand value
Q15 KILROY lives up to my expectations
Q56 KILROY provides good value for money
Q57 Compared to other travel agencies on the Internet, KILROY offers value for money
Q58 I prefer KILROY's website to other travel agencies' websites, even though they are the same
Customer satisfaction
Q59 Overall, KILROY lives up to my needs and wishes
Q60 Imagine an online travel agency which is perfect online travel agency. How far from or close to this ideal do you consider KILROY to be?
Q61 Based on your experience with KILROY, how satisfied are you in general?

Emotional evaluations
Self-expressive benefits
Q10 KILROY is special to me
Q11 KILROY suits me as a person
Q17 On the website, KILROY give me a positive and warm feeling
Social approval
Q12 Being a customer with KILROY is a way of life
Q13 I really identify with people who use KILROY
Q14 I am proud to use KILROY

Customer-brand relationships
Customer loyalty (retention)
Q65 The next time I am going travelling, I will buy my ticket from KILROY
Recommendation
Q62 I will recommend KILROY's website to others
Attractivity
Q63 Overall, KILROY's website is attractive compared to other travel agencies' website known to me
Attachment
Q64 It is important for me to maintain my relationship with KILROY in the future using the website

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