

# Chapter 51

## The Power of Brand Loyalty in Creating Enterprise Value

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### ABSTRACT

*In their communication with the external target market, companies strive to draw the target market's attention in terms of how the companies, their activities, and the quality of their product services are viewed from outside. Therefore, anything that serves to improve company reputation will contribute positively to the company image. This, in turn, will lead to the provision of brand loyalty. This is why companies are organizing activities to reinforce and strengthen their institutional reputation. That the company has a strong reputation creates a positive image in the internal and external target groups. It increases the trust felt for the brand. One of the focus areas of public relations, reputation management, contributes to the recognition of company and brand, and this, in turn, brings institutional reputation in the long run. This chapter deals with public relations, institutional reputation, brands, and brand loyalty and aims to show the importance of institutional reputation management in building brand loyalty.*

### INTRODUCTION

Brand is an aggregate of concepts that represent an organization. The concept of the brand is inclusive of all details product quality, its association that rings in people's minds, characteristics of the target market, the identity of the company, and consumers addressed (Cop and Bas, 2010). In order for a brand to be different from its competitors, a number of elements are used, namely, a symbol, a logo, a slogan, brand identity, brand personality etc. In addition, after utilizing these elements, institutional reputation management takes its turn to impress the attitudes and behaviors of the internal and external target markets and distinguish the brand from its competitors. Institutional reputation is of great importance for organizations. The mass of inner market is also the potential customers. A strong organization and brand reputation in the eyes of employees will enable the company to reach the external target market because a healthy internal communication will result in happy employees. This happiness, then, finds its way to external stakeholders through word of mouth. So, both the internal and external stakeholders will contribute to the reputation and image of the organization in the eyes of the target market.

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## ***The Power of Brand Loyalty in Creating Enterprise Value***

In their communication with the external target market, companies strive to draw the target market's attention in terms of how the companies, their activities, and the quality of their product services are viewed from outside. Therefore, anything that serves to improve company reputation will contribute positively to the company image. This, in turn, will lead to the provision of brand loyalty. Institutional reputation, in a nutshell, is defined as a general opinion, fame, good name, esteem and the like that are formed as a result of superiorities or deficiencies of a person, group, organization, institution, and company (Unlu, 2015). In addition, institutional reputation is the reward for being a company "liked and admired" by society. This is why companies are organizing activities to reinforce and strengthen their institutional reputation. Those companies which are aware of the importance of institutional reputation are always one step ahead of others, which is why they always act in a coordinated and planned way because institutional reputation is a serious issue and it should not be done otherwise. That the company has a strong reputation creates a positive image in the internal and external target groups. It increases the trust felt for the brand.

An increase in the reputation of the company and the brand helps build brand loyalty in customers because customers always prefer a brand or a company that is reputable, well-known, and reliable. Building and growing loyalty benefit the company financially, too. To mention brand loyalty briefly, one can define it as the intention to buy, to be willing to pay more, and to recommend the brand to those around them. As far as this definition is concerned, it is the interest shown by customers to the brand or company. It can also be called as a connection that is formed between the two parties in time. Customers and brands are attached toward each other emotionally, and customers redesign their lifestyle on the basis of features assigned to their brand.

There are two dimensions that brands utilize to build brand loyalty, namely public relations and marketing. For example, ads have a short-term impact in terms of brand recognition because people are subject to too much information in their daily lives. Similar brands may have similar ads, which may cause people to forget ads and brands among this bombardment of information. Public relations may have a key role at this point because it adds to the image and reputation of the brand through its long-term activities. One of the focus areas of public relations, reputation management contributes to the recognition of company and brand, and this, in turn, brings institutional reputation in the long run. Marketing, on the other hand, involves pricing ideas, items, and services, planning their promotion and its distribution, and following their application and inspection processes with a view to creating changes that fulfill individual and organizational goals. In this perspective, public relations, advertising, and marketing are managed together. Marketing aims to make a profit. The main goal is to market the company, brand or product and increase sales. Advertising helps marketing achieve its goals while public relations aims to strengthen the company reputation and image and make profit indirectly, though. So, what is aimed is eventually making a profit by creating a reputation and a good name as a result of techniques and institutional reputation management by public relations and by building brand loyalty that ensues. This is the very reason why marketing and public relations should work together.

This study deals with public relations, institutional reputation, brands, and brand loyalty and aims to show the importance of institutional reputation management in building brand loyalty.

## **Institutional Reputation Management**

Overall, reputation builds the perceptions of both employees of the organization and customers, also known as external stakeholders. Literature review reveals that there are various definitions of the term;

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