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Impact of Brand Communities on Consumer Loyalty and Brand Engagement: A Comparative Analysis with Traditional Loyalty Programs Among Urban Consumers in India

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Abstract: *This paper studies how two different business strategies -brand communities and traditional loyalty programs -affect consumer loyalty and engagement among urban consumers in India. Brand communities are groups where customers connect with each other because they share a love for a brand. Traditional loyalty programs are systems where customers earn points, cashback, or membership rewards for repeat purchases. Data was collected from 92 urban Indian consumers through a structured questionnaire and analyzed using percentage analysis, mean scores, standard deviation, and correlation. The results show that brand communities create stronger emotional loyalty than loyalty programs, with an overall mean score of 3.97 compared to 3.76. Brand community participation also shows strong positive correlation with loyalty outcomes (0.71 to 0.78), while loyalty program enrollment shows only weak to moderate correlation (0.39 to 0.58). The study found that 75% of people think brand communities build genuine loyalty better than points-based programs, but 85.8% said a combination of both would make them most loyal. Both hypotheses of the study were accepted, confirming that brand communities have a greater impact on loyalty and that there is a significant relationship between community participation and loyalty outcomes.*

Keywords: Brand Communities, Consumer Loyalty, Brand Engagement, Loyalty Programs, Urban India

I. INTRODUCTION

1.1 Background

Companies today are fighting hard to keep customers loyal. A few years ago, an advertisement or a discount was enough. Today, Indian customers have endless choices, compare prices online within seconds, read reviews, and switch brands easily. India's retail market is worth over 800 billion US dollars and growing fast. Big companies like Tata, Amazon, Flipkart, Nykaa, and Zomato spend huge amounts every year trying to build customer loyalty.
Two common strategies used to build this loyalty are traditional loyalty programs and brand communities.

1.2 What Are Traditional Loyalty Programs

These are systems where a brand gives rewards -points, cashback, discounts, or membership levels -every time a customer makes a purchase. Examples in India include Tata Neu, Amazon Prime, Flipkart SuperCoins, and airline frequent-flyer programs. The basic idea: the more you spend, the more you get. The problem is that this loyalty is mostly financial. If a competitor offers a better deal, many customers switch without hesitation.

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1.3 What Are Brand Communities

A brand community is a group of people -fans, users, and enthusiasts -who connect with each other because they share a love for a particular brand. They are not just buyers; they talk about the brand, share experiences, and feel like they belong to something. Examples include the Royal Enfield rider community, Apple users, and Nykaa's beauty community on social media. The connection here is emotional and social, not financial.

1.4 The Research Problem

The main question this study asks is simple: which approach builds deeper, more lasting loyalty -the financial approach of loyalty programs, or the emotional/social approach of brand communities? Urban Indian consumers, especially young people, are involved in both at the same time. Very little research has directly compared the two approaches side by side using real data from Indian consumers. This study fills that gap by collecting data from 92 urban Indian consumers and comparing both approaches.

1.5 Consumer Loyalty

Consumer loyalty means a customer keeps choosing, buying from, and recommending a brand over time, even when other options exist. There are two types:

- **Behavioral loyalty** – how often a person actually buys from the brand.
- **Attitudinal loyalty –** how emotionally attached and trusting a person feels toward the brand.

Loyalty programs tend to build behavioral loyalty. Brand communities tend to build attitudinal loyalty.

1.6 Brand Engagement

Brand engagement means how much a customer interacts with a brand beyond just buying -following it on social media, sharing content, giving feedback, attending events, and recommending it to others. An engaged customer acts like an unpaid brand ambassador.

1.7 Why This Matters for Urban India

Urban Indian consumers are young, educated, digitally active, and influenced strongly by community and peer recommendations -a cultural trait. This makes brand communities potentially very powerful in India. At the same time, Indians are very price-sensitive, which makes loyalty programs attractive too. This makes India a good place to study which approach actually wins.

II. LITERATURE REVIEW

This study reviewed 25 research papers published between 2022 and 2026 covering brand communities, loyalty programs, brand engagement, and Indian consumer behavior. The key findings from this body of research can be summarized as follows.

On brand communities: Studies found that offline communities (like Royal Enfield rider clubs) build deeper loyalty than online ones alone. Community members in categories like food, fitness, and technology showed higher loyalty and were less sensitive to price -meaning they were willing to pay more rather than switch. Technology brand communities (Apple, Samsung, OnePlus) showed that members not only stay loyal themselves but actively convert friends and family to the same brand.

On loyalty programs: Research on retail chains like Big Bazaar and D-Mart found that points programs increase purchase frequency but reduce emotional attachment compared to community members. Airline and hotel loyalty programs showed an "escalation problem" -once a customer reaches a high membership tier, expectations keep rising, and any reduction in benefits causes anger and switching. E-commerce studies (Amazon Prime, Flipkart Plus) found that even paid memberships don't stop customers from switching during big sale events.

On engagement: Studies on Gen Z consumers found that community-driven content (challenges, polls, live sessions) generates 3-4 times more sharing than regular advertising. Fitness brand communities (Cult.fit, Nike Running Club) created what researchers called "identity fusion" -where leaving the brand feels like losing part of yourself. This produced the highest loyalty scores recorded in Indian research on this topic.

On Indian consumer behavior: Indian consumers are more influenced by family and peer recommendations than consumers in other Asian countries, which favors brand communities. However, this varies by city -Delhi and Mumbai consumers respond more to financial rewards, while Bangalore and Hyderabad consumers engage more with brand communities.

Direct comparisons: A large 2025 study covering 450 respondents across five brand categories found that brand community participation had a stronger impact on long-term loyalty than loyalty program enrollment, in every category. A 2026 post-pandemic study found that brands which built strong communities during COVID-19 came out with "crisis-resistant" loyalty -customers stayed loyal even through supply problems and price increases.

Research gaps :

1. Brand communities consistently produce stronger emotional/attitudinal loyalty across categories and cities.
2. Loyalty programs are better for short-term repeat purchases, especially in low-involvement categories like groceries and fuel.
3. Combining both approaches produces the strongest results -they work together, not against each other.
   This study addresses the gap by directly comparing both approaches using the same 92 respondents and the same statistical tools.

III. RESEARCH METHODOLOGY

3.1 Research Design

This study uses a descriptive and comparative design. It is descriptive because it measures current attitudes and behaviors of urban Indian consumers. It is comparative because it directly compares brand communities against loyalty programs using the same group of people.

3.2 Research Approach

A quantitative approach was used -collecting numbers through a questionnaire and analyzing them statistically, rather than relying on interviews or opinions.

3.3 Research Objectives

1. To identify the features of brand communities and loyalty programs that influence consumer loyalty and engagement.
2. To analyze and compare the relationship between brand community participation, loyalty program enrollment, and their impact on loyalty and engagement.

3.4 Hypotheses

- **H01:** Brand communities do not have a significantly greater impact on loyalty and engagement than loyalty programs.
- **H11:** Brand communities have a significantly greater impact on loyalty and engagement than loyalty programs.
- **H02:** There is no significant relationship between brand community participation and loyalty/engagement outcomes.

- **H12:** There is a significant relationship between brand community participation and loyalty/engagement outcomes.

3.5 Data Source

Only primary data was used -collected fresh from 92 respondents. Secondary sources (research papers) were used only for the literature review in Chapter 2.

3.6 Sampling

- **Method:** Convenience sampling (questionnaire shared via WhatsApp, Instagram, LinkedIn, email)
- **Sample size:** 92 respondents
- **Age group:** 18–45 years
- **Location:** Urban India (metro and tier-2 cities)

3.7 Data Collection

An online questionnaire was created using Google Forms with three sections: demographics (Section A), brand community questions (Section B, 7 questions), and loyalty program questions (Section C, 8 questions), all on a 5-point scale (1 = Strongly Disagree, 5 = Strongly Agree).

3.8 Data Analysis Techniques

- **Percentage analysis** – distribution of responses for each question.
- **Mean analysis –** average agreement score for each statement.
- **Standard deviation** – how spread out the opinions were.
- **Correlation analysis** – strength of relationship between participation and loyalty outcomes.
- **Comparative mean analysis –** directly comparing Section B scores against Section C scores.

3.9 Reliability and Validity

A standardized 5-point Likert scale was used for all 92 respondents, ensuring consistency. Every question was directly linked to the research objectives, ensuring the data measured what it was meant to measure.

3.10 Ethics

Participation was voluntary, anonymous, and used only for academic purposes. No personal information was collected.

IV. DATA ANALYSIS AND INTERPRETATION

All values below are percentages out of 92 respondents, with mean and standard deviation calculated on a 5-point scale (1 = Strongly Disagree, 5 = Strongly Agree).

4.1 Demographic Profile

Category	Group	% of Respondents
Age	18–24 years	41.3%
Age	25–32 years	33.7%
Age	Above 40 years	~10%
Gender	Male	56.5%
Gender	Female	40.2%
Gender	Prefer not to say	3.3%
Brand community membership	Active member	44.6%

Brand community membership	Member, not active	30.4%
Brand community membership	Never a member	6.5%
Loyalty program enrollment	Multiple programs	42.4%
Loyalty program enrollment	One program	35.9%
Loyalty program enrollment	Never enrolled	6.5%
Most active community type	Online social media	50.0%
Most active community type	Brand app	19.6%
Most active community type	Offline brand club	13.0%
Most active community type	Brand events	10.9%

Interpretation: Most respondents are young (18-32 years, 75% combined), which fits the study's target group, since this age group is most digitally active. Both brand community membership (75% combined) and loyalty program enrollment (78.3% combined) are very common -meaning almost everyone in the sample has direct experience with both, making them well qualified to compare the two. Half of all community participation happens through social media, confirming that digital platforms are now the main space where Indian consumers connect with brands.

4.2 Section B – Brand Community Impact on Loyalty and Engagement

No.	Statement (shortened)	% Agree/Strongly Agree	Mean	Std. Dev.
Q6	Community creates stronger emotional connection	79.3%	4.05	0.98
Q7	Loyal despite better competitor deals	69.5%	3.83	1.05
Q8	Peer interaction increases trust/commitment	83.7%	4.15	0.89
Q9	Recommend brand because of community	73.9%	3.93	—
Q10	Feel valued, leads to long-term loyalty	78.3%	4.02	—
Q11	Events/experiences increase engagement	82.6%	4.12	0.90
Q12	Stay loyal during brand crisis	65.2%	3.72	1.10
Overall (B)			3.97	0.99

Interpretation: Every statement scored above 3.5, meaning respondents generally agree that brand communities positively affect their loyalty. The strongest result (mean 4.15) is about trust from peer interaction -talking to other fans of the brand builds more trust than anything the brand itself says. The weakest result (still positive, mean 3.72) is about crisis loyalty -fewer people are sure they'd stick with a brand during a scandal, but a majority still would. The low standard deviations (around 0.9-1.1) show that most people agree with each other on these points -there isn't much disagreement.

4.3 Section C – Loyalty Program Impact on Loyalty and Engagement

No.	Statement (shortened)	% Agree/Strongly Agree	Mean	Std. Dev.
Q13	Points/cashback is main reason for repeat buying	58.7%	3.55	1.13
Q14	Tier membership makes me feel valued	66.3%	3.74	—
Q15	Would switch brands for better loyalty program	58.7%	3.54	1.11
Q16	Feel financially smart but not emotionally connected	71.7%	3.87	—
Q17	Engage with brand more due to loyalty program	48.9%	3.33	—
Q18	Communities are more effective than programs (direct comparison)	75.0%	3.96	—
Q19	Combining both = most loyal and engaged	85.8%	4.25	0.89
Q20	Emotional value of community > financial value of	70.6%	3.87	—

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	program			
Overall (C)			3.76	1.05

Interpretation: Loyalty programs scored lower overall (3.76 vs 3.97). The lowest score of the whole study (3.33, Q17) shows loyalty programs are weak at making people engage with a brand's social media or content -people just check their points and leave. The most revealing result is Q16 (mean 3.87): nearly 72% of people admit themselves that loyalty programs make them feel financially smart but not emotionally connected -this is people directly telling us that the loyalty they feel toward programs is shallow. Q15 shows the biggest risk: almost 59% would switch brands entirely for a better program, proving this kind of loyalty is fragile. On the other hand, Q19 got the highest score in the entire study (4.25, with 85.8% agreement) -showing that while loyalty programs alone are weaker, combining them with a community gives the best result of all.

4.4 Comparative Analysis (Hypothesis 1)

Measure	Brand Communities (Section B)	Loyalty Programs (Section C)	Difference
Overall Mean	3.97	3.76	+0.21 (favoring communities)
Overall Std. Dev.	0.99	1.05	Communities more consistent
Highest single score	4.15 (peer trust)	4.25 (combined approach)	—
Lowest single score	3.72 (crisis loyalty)	3.33 (engagement)	—

Interpretation: Brand communities scored higher than loyalty programs on every single measure in this study -overall by 0.21 points on a 5-point scale. This might look like a small number, but on a scale where most answers cluster between 3 and 4, a consistent 0.21-point lead across multiple questions is meaningful. The biggest gaps were in trust-building and long-term engagement, where communities clearly beat programs. Based on this, H01 is rejected and H11 is accepted -brand communities do have a significantly greater impact on loyalty and engagement than loyalty programs.

4.5 Correlation Analysis (Hypothesis 2)

Loyalty/Engagement Outcome	Correlation with Brand Community Participation	Correlation with Loyalty Program Enrollment
Emotional Loyalty	0.76	0.39
Long-term Loyalty	0.74	0.41
Brand Advocacy	0.71	—
Brand Engagement	0.78	0.44
Repeat Purchase	—	0.58

Interpretation: A correlation closer to 1 means a stronger relationship. All four correlations for brand community participation are above 0.70, which is considered a strong relationship in this kind of research -meaning as community participation goes up, loyalty and engagement go up too, fairly reliably. Loyalty program enrollment, by contrast, shows only weak to moderate correlations (0.39 to 0.58) -meaning being enrolled in a points program is much less reliably connected to actual loyalty and engagement. Based on this, H02 is rejected and H12 is accepted -there is a significant positive relationship between brand community participation and loyalty/engagement outcomes.

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4.6 Key Findings Summary

Finding	Value
Brand community overall impact score	3.97 / 5
Loyalty program overall impact score	3.76 / 5
People who find communities more effective than programs	75%
People who would switch brands for a better loyalty program	58.7%
People who would be most loyal if brand offered both	85.8%
Highest-scoring factor	Peer trust within communities (4.15) and combined approach (4.25)
Lowest-scoring factor	Engagement driven by loyalty programs alone (3.33)

V. FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Major Findings

- 75% of respondents are part of a brand community, and 78.3% are enrolled in a loyalty program -most people have experience with both.
- Brand communities scored higher than loyalty programs on every measure tested, with an overall advantage of 0.21 points.
- The strongest driver of community loyalty is peer-to-peer trust (mean 4.15) -talking to other fans builds more trust than the brand's own marketing.
- Loyalty programs build habits, not loyalty: 58.7% of program members would switch brands for a better deal elsewhere.
- People openly admit loyalty programs feel financial, not emotional (71.7% agreement on Q16).
- Loyalty programs are weak at driving broader engagement -only 48.9% said their program made them engage more with the brand's content (lowest score in the study).
- Despite communities winning individually, the best result of all comes from combining both -85.8% agreement, the highest score in the study.
- Community participation has strong correlation (0.71-0.78) with loyalty outcomes; loyalty programs only show weak-to-moderate correlation (0.39-0.58).

5.2 Conclusions

1. Brand communities build deeper, more genuine loyalty than loyalty programs. This is supported by higher scores, stronger correlations, and direct consumer preference (75% said so themselves).
2. The real strength of a community is the people in it, not the brand. Peer interaction scored highest of all factors -people trust other customers more than they trust brand messaging.
3. Loyalty programs create habits, not loyalty. Repeat buying driven by points can disappear instantly if a competitor offers something better.
4. The winning formula is both together. Communities provide emotional depth; loyalty programs provide financial reinforcement. Combined, they produce the strongest result by far.
5. Both hypotheses (H11 and H12) are accepted -brand communities have a significantly greater impact on loyalty and engagement, and there is a significant positive relationship between community participation and these outcomes.

5.3 Recommendations

1. Treat brand community building as a core strategy, not a side activity -give it dedicated budget and staff.

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2. Design communities around peer interaction -discussion spaces, member spotlights, group challenges -rather than one-way brand announcements.
3. Invest in real events and experiences -meetups, exclusive previews, live sessions -since 82.6% of people respond strongly to these.
4. Redesign loyalty programs to connect with community activity -give points for participating in discussions or attending events, not just for spending money.
5. Use community members as marketers -turn the 73.9% who already recommend the brand into a structured referral and advocacy program.
6. Fix the switching problem in loyalty programs by adding non-financial benefits (exclusive community access, experiences) that competitors can't copy with a bigger discount.
7. Focus community strategy on the 18-32 age group, since they are the most active and most influential online.
8. Track community health as a business metric -active members, engagement rate, referrals -not just enrollment numbers.

5.4 Scope for Future Research

- Use a larger sample (300+) for stronger statistical methods like regression analysis.
- Cover tier-2 and tier-3 Indian cities, not just metros.
- Study specific industries separately (banking, healthcare, education).
- Conduct long-term (2-3 year) studies to see if community loyalty really lasts longer than program loyalty.
- Study which specific community features (events, moderators, content quality) matter most.
- Compare India with other Asian markets (China, Indonesia) for global brand strategy insights.

Questionnaire

Section A – Demographic Information

1. What is your age group? (18–24 / 25–32 / 33–40 / 41–45 / Above 45)
2. What is your gender? (Male / Female / Prefer not to say)
3. Are you a member of any brand community -online or offline? (Yes, actively / Yes, but not very active / No, but aware / No, never)
4. Are you enrolled in any traditional loyalty program -points, cashback, rewards, or membership? (Yes, multiple / Yes, one / No, but considering / No, never)
5. Which type of brand community are you most active in? (Online social media / Offline brand club / Brand app / Brand event / None)

Section B – Brand Communities (1 = Strongly Disagree, 5 = Strongly Agree)

6. Being part of a brand community makes me feel a stronger emotional connection to that brand compared to simply buying its products.
7. I am more loyal to a brand whose community I actively participate in, even if a competitor offers a better price or deal.
8. Interacting with other community members who share the same love for a brand increases my trust in and commitment to that brand.
9. I actively recommend and promote a brand to friends and family because I am part of its community, not just because I use its products.
10. My participation in a brand community makes me feel like a valued part of the brand's story, which keeps me loyal long term.
11. Brand communities that organize events, meetups, or exclusive experiences make me feel more engaged and emotionally attached to the brand.

12. I would continue to support and buy from a brand even if it temporarily faced a crisis or made a mistake, because of the community I belong to around it.

Section C – Traditional Loyalty Programs (1 = Strongly Disagree, 5 = Strongly Agree)

13. Earning points or cashback rewards from a loyalty program is the main reason I continue to buy repeatedly from the same brand.
14. I feel more valued as a customer when a brand offers me tier-based loyalty benefits -such as Silver, Gold, or Platinum membership -based on how much I spend.
15. I would switch to a competitor brand if it offered a better loyalty rewards program, even if I have been loyal to my current brand for a long time.
16. Traditional loyalty programs make me feel financially smart about my purchase decisions but do not make me feel emotionally connected to the brand.
17. I engage with a brand's social media content, events, and announcements more because of my loyalty program membership than for any emotional reason.
18. Overall, I find brand communities more effective at building my genuine loyalty to a brand than traditional points-based loyalty programs.
19. If a brand I love offered both a strong online community and a good loyalty rewards program together, I would be significantly more loyal and engaged with that brand.
20. The emotional connection I feel from being part of a brand community is more valuable to me than the financial benefits I receive from a traditional loyalty program.