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The Power of Innovation

Exploring innovativeness and its influence on brand loyalty in a saturated market through the eyes of Generation Y

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Problem

Saturated markets are known to be competitive, with a wide selection of alternatives. In a saturated market is essential to differentiate a brand to compete in a market. Therefore, innovation has become a central part of a brand's DNA when developing strategies, such as product evolvement and marketing. Today, there is a research gap of how innovation efforts are perceived by consumers of Generation Y, and how their loyalty to a brand is influenced by the phenomenon.

Purpose

The purpose of this qualitative research study was to investigate how Generation Y perceives a brand's innovation efforts. Further, how their loyalty is influenced by the innovation efforts. One research question was developed to fulfill the purpose; how does innovation influence brand loyalty in saturated markets?

Methodology

This thesis was written from a qualitative perspective. To gather empirical data, semi-structured interviews were conducted. The participants were all within the age restriction of Generation Y, and the samples were chosen through the purposive sampling approach.

Findings

Several findings were identified from this qualitative research study. The two main findings were of great importance. One finding showed that within the saturated market of low-involvement products, marketing innovation plays a greater role than product innovation. Marketing innovation shows to have a large impact on establishing brand loyalty within a saturated market. Both findings were identified from the viewpoint of Generation Y.

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1. Introduction

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This chapter includes a background to the topic of the thesis and relevant interpretations. Further, introducing a problematization for the reader to gain an understanding to why the subject is worth studying. The problem will define the purpose of the thesis which will describe an understanding of why this research is being conducted. The introduction chapter is finalized with delimitations of the study.

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1.1 Background

A famous saying states "Here is a powerful yet simple rule. Always give people more than they expect to get". In today's competitive market, organizations must offer consumers more than an expected product in order to differentiate themselves from their competitors. Delivering an experience that exceeds the expectations can often strengthen the relationship between the brand and the consumer (Yi & La, 2004).

One of the most central elements for any brand is the need to maintain customer relationships and develop brand loyalty (Bertilsson & Tarnovskaya, 2017). Brand loyalty can be defined as consumers' commitment to frequently repurchasing a product or service from their favorite brand (Oliver, 1999; Yoo & Donthu, 2001). In previous research, brand loyalty has received significant attention (Yoo & Donthu, 2001; Oliver, 1999; Keller, 1993; Jacoby & Kyner, 1973; Amine, 1998; Bertilsson & Tarnovskaya, 2017). Jacoby and Kyner (1973) explain that the concept of brand loyalty provides valuable insights on why certain consumers continue to purchase from the same brands. Establishing loyal customers is more relevant today than ever, due to the competition on the market. Brands use more types of innovations in their marketing efforts to discover new ways to cherish their customers to a greater extent and build a stronger customer relationship (Eisingerich & Rubera, 2010). Building relationships and having loyal customers are often the key to success for brands (Bertilsson & Tarnovskaya, 2017).

If a brand provides their customers with a belief of good intentions and innovative offerings, customers tend to purchase from that brand (Barone & Jewell, 2013). Therefore, innovations could be an opportunity for brands to attain or maintain customers.

In previous studies, one can read that brand innovativeness has a considerable impact on brand commitment (Eisingerich & Rubera, 2010). By focusing on the customer-related innovation, one can discover what makes customers brand aware and what the impact is on them (Wallenburg, 2009).

According to Aaker (2007), the need to innovate is becoming more and more essential for firm's strategies, in order to reach potential customers. Innovation has today become a significant part of brands DNA and the center of their marketing strategies. This has resulted in both growth and profitability for brands (Aaker, 2007). Brand innovativeness is described as the "the extent to which consumers perceive brands as being able to provide new and useful solutions to their needs" (Eisingerich & Rubera, 2010, p.66). There are two substantial categories in addition to brand innovation. These are marketing innovation and product innovation. Marketing innovation has been described as the emergence of a new idea or an additional modification of an existing approach (Lin & Chen, 2007). While product innovation is described as a new product to the firm or their customers (Garcia & Calantone, 2002). When discussing marketing innovation, competition in the marketplace is one element that influences the nature of how innovation takes place and are implemented within the brand's strategy. An increase in competition in one industry can reduce the incentive for innovation there, but increases the incentive for innovation in another industry. This means that brands tend to fight over the competitive advantage of the marketplace (Chen, 2006). This occurrence is mostly due to today's market saturation.

Saturated markets appear when a specific market is no longer producing new demand for products or services. This is often due to decreased customer need or increased competition in the industry (Gregory, 2018). One of the most common challenges within the market saturation area is that it is often little room for growth within the market (Gregory, 2018). There is a major need for brands to differentiate themselves in various markets, the energy drink industry in particular. Today, it is hard for smaller, rising companies to compete with the saturated market within the energy drink industry (Faigen, McGrath, Schmidt & Tworek, 2017).

Today, energy drinks have turned into a status symbol, especially for youths. Generation Y are the majority within the consumer segment that consume energy drinks today

(Heckman, Sherry & De Meija, 2010). The consumption of energy drinks by these youths is therefore expected to drive future demand further (Grand View Research, 2017). Red Bull is the market leader in the energy drink industry and has become widely known for its crazy marketing strategies. By targeting young people through innovative marketing, that includes different kinds of sport and entertainment, the brand has become a favorite among Generation Y and established a strong loyalty among their consumers (Siminoff, 2017).

Limited research has been done on the relationship between innovation and loyalty. When considering already established research, one can find how customers perceive the innovations as interesting, further strengthening their relationship to a specific brand (White, 2014). Wallenburg (2009) describes that the features of improvements in a specific brand, and the value it will give the customers when innovation takes place, is something that can make a customer stay loyal to a brand. Moreover, one must take different considerations into account regarding the customers' perceptions when a brand innovates.

1.2 Problem

Creating and maintaining brand loyalty is one of the main concerns for brand management today (Pappu & Quester, 2016). In order to understand how to develop brand loyalty, brands have to understand in what ways consumers connect with a brand and what they value (Bertilsson & Tarnovskaya, 2017). The difficulty of creating brand loyalty from brands point of view is a result of information shortage and lack of understanding of customer wants and needs (Bertilsson & Tarnovskaya, 2017). As mentioned in the background, innovation is used as a tool to provide customers with new and improved products or services. Therefore, companies face a problem of understanding how and what type of innovation to apply in accordance to satisfy their customers' wants and needs.

In today's society consumers are offered a wide selection of alternatives from many different competitors, this is referred to as a saturated market. In saturated markets, companies have many competitors with similar products and are constantly competing for the same market share. In saturated markets, the need to differentiate one's brand is

crucial in order to be competitive, along with understanding how to differentiate in the right manner for their target audience. (Gregory, 2018)

Products in markets can range between high- and low-involvement, depending on the perceived risk for the customer (Quester & Lim, 2003). High-involvement products are often associated with products of higher financials risks such as computers, where quality and performance is essential to the customer (Kroeber-Riel, 1984). In these types of industries, product innovation becomes crucial to gain a competitive advantage (Shams, Alpert & Brown, 2015). According to Kroeber-Riel (1984), low-involvement products in saturated markets differ little in quality and as a result, evaluation and information search of the product becomes secondary to the consumer. In saturated markets today, brands face the problem of how to create brand loyal customers to low-involvement products. Emotional conditioning is therefore a preferred strategy for companies with low-involvement products in saturated markets (Kroeber-Riel, 1984).

As mentioned above, products in the low-involvement category face the difficulty of establishing brand loyalty to their customers, since competitors offer similar products. This makes the emotional brand experience for the consumer a key element when differentiating a brand from others (Kroeber-Riel, 1984). In low-involvement products in saturated markets such as energy drinks, the organization must create an image exceeding the product itself. In order to do this, many companies around the world focus on marketing innovation, as a way to develop brand loyal customers (Kroeber-Riel, 1984). Therefore, marketing innovation has also become essential as younger generations such as Generation Y is less susceptible to traditional marketing (White, 2014).

Although statements have been made about Generation Y being less loyal than previous generations, White (2014) claims otherwise. The author states that Generation Y are as loyal as their predecessors, however their loyalty is based on different aspects. Generation Y consumers are less responsive to traditional marketing and more influenced by, for example, social media (White, 2014). Coolness, authenticity, and uniqueness in brands marketing are a few of the elements that have a great impact on Generation Y (Bergh & Behrer, 2016).

As many brands use innovation as a means to differentiate themselves and attract new customers (Aaker, 2007), there is insufficient conducted research on how existing customer perceive brands innovation efforts. There is limited research on how different types of innovation is perceived by Generation Y within saturated markets, and if it influences their loyalty (White, 2014). Thus, it is of great interest in this thesis to investigate the research area of innovativeness and brand loyalty from a consumer perspective.

1.3 Purpose

As innovation is becoming an essential part of a brands strategy, the purpose of this qualitative research paper is to develop an understanding of how innovativeness influences loyalty towards brands among Generation Y consumers in saturated markets. In order to implement this purpose, the brand Red Bull has been chosen to be investigated. This is due to their high relevance to Generation Y and their reputation for being an innovative brand. To accomplish the purpose, the following research question was developed:

RQ: How does innovation influence brand loyalty in saturated markets?

1.4 Delimitations

In this study, three main limitations were identified. Firstly, the limitation of choosing only Generation Y to interview regarding their perceptions on the thesis subject. Secondly, this paper will focus solely on one brand. The researchers were aware of additional brands that could be applicable to the study, beyond Red Bull, however the researchers choose to investigate the topic through one brand. Thirdly, the study will be conducted with participants on the same level of education and similar living conditions (students). This can provide a one-sided view of the topic.

2. Frame of References

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In this section of the thesis, the reader will get an insight on various theories and definitions that are central in this qualitative study. The academic references will identify crucial theories and concepts that will be the foundation for the empirical data further down. The section will allow the reader to gain a greater understanding of the study and its results but also further explain the significance for the research gap

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2.1 Brand

Ries describes a brand as similar to a trademark. The author further states that a brand can be a name/symbol that is subjected to a design and/or phrase, used to differentiate the brand from similar brands on the market (Bertilsson & Tarnovskaya, 2017). Ries and Ries (2001, p.32) states "In the long run a brand is nothing more than a name", they explain that although a brand may be innovative and unique initially, the name is the main thing that will differentiate the brand from the competitors after some time.

Kenton explains that there is a difference between the brand itself and the brand derivatives, in other words, the outcome of the brand efforts (Bertilsson & Tarnovskaya, 2017). Kenton explained it as following "Your brand is your name, your logo, your burning scar on the side of your product. The expectation that consumers begin to attach to your brand is something else. It's an important something else that has value and that you should consider an important asset worthy of investment, but it's something else." (Bertilsson & Tarnovskaya, 2017, p.246). This statement explains the difference between the physical brand and how the consumer understands and evaluates the brand.

The distinction between company and brand is explained in the 13th law in the article "The 22 Immutable Laws of Branding" by Ries and Ries (2001). The 13th law is named; The Law of the Company and states that "Brands are brands. Companies are companies. There is a difference. Consumer buy brands, they do not buy companies." (Ries & Ries, 2001, p.32). The law further explains that when the brand itself is combined with the company, the brand name is the primary name that is noticed and the company name becomes secondary (Ries & Ries, 2001).

2.2 Brand Innovation

Brand innovativeness is according to Eisingerich and Rubera (2010, p.66) "The extent to which consumers perceive brands as being able to provide new and useful solutions to their needs". Innovativeness, as a brand-level concept, involves a range of relationships customers have created in response to the marketing strategies the company have implemented (Keller, 1993). In particular, there is one specifically important dimension that the brand has to implement to maintain a good reputation; beliefs. Keller & Aaker, (1998), discusses that consumer believes is something that reflects a company's tendency to innovative. This attitude and other associations consumers have towards the brand, defines how the brand chooses to target the market. They undoubtedly do this with help from the customers (Keller, 1993).

One can also make the assumption that when an innovation has been established and developed by a brand and put into innovation credit, consumers are attaining knowledge that the brand has a reputation of being innovative (Barone & Jewell, 2013). Innovation credit is used "to characterize the extent to which members of a group will endorse leaders' deviation from existing norms" (Abrams, Marques, Moura & Hutchison, 2008, p.672). One can, therefore, make a conclusion that an innovative brand needs to take care of its target market and be clear about their innovations for their customers to understand the brand's innovativeness.

Innovative brands have the obligation of being concerned with their target market. Mostly because a brand could be perceived as innovative in the eyes of their target group and at the same time not being perceived as innovative by another (Shams, et al., 2015). For brands to make a consistent picture of innovativeness for their consumers, the brands should work on being stable and consistent in their innovations strategies over time (Brown & Dacin, 1997).

To strengthen the consumers' perception regarding innovativeness, quality and abilities of a specific brand should be reliable, solid, and consistent over time. The reputation a brand has in the eyes of consumers, those associations are expected to follow when a brand tends to create a new product (Brown & Dacin, 1997). Although, many associate brand names with innovation rather than product innovation itself (Shams, et al., 2015).

This thesis will focus mostly on marketing innovation and product innovation as it is most suitable for the chosen target group; Generation Y and the chosen brand; Red Bull.

2.1.1 Brand Innovation Theories

Signalling theory is beneficial to outline the behavior of when individuals or organizations have dissimilar information. The so-called sender must make a decision on how to communicate, signalling, the information to the receiver and the receiver needs to make a decision on how to interpret that information (Connelly, Certo, Ireland & Reutzel, 2011). According to Shams, et al. (2015), the CPBI could act as a signal towards the consumers. They state that CPBI is an intangible asset obtained by companies to manipulate their consumers via signalling (Shams, et al., 2015). The promotion a brand incorporates in their strategy serves as a signal towards their customers and might influence essential behavior (Henard & Dacin, 2010). Spence (2002) argues that the signalling theory is put into motion to reduce the informational gap between companies and customers.

2.3 Marketing Innovation

Marketing innovation is the practice of performing innovative marketing activities. The term is linked to the concept of a new sales approach, but can also include new brands or an extension to markets (Lin & Chen, 2007). Brand alliance, brand building, and market repositioning are all concepts that fall under the term marketing innovations (Lin & Chen, 2007). As described by Naidoo (2010), market innovation can be an attractive strategy when attempting to reverse a declining sales flow. The aim of marketing innovation is to create a sales growth and move customers towards a more inelastic market segment rather than an elastic (Naidoo, 2010).

To have a strong market presence, built through innovative marketing efforts, benefits the product innovation as well as a general product performance (Augusto & Coelho, 2009). The importance to obtain a strong innovation core, within a brands marketing strategy, is dependent on the industry and product (Kroeber-Riel, 1984). As different industries require different marketing techniques to reach out to their customer base, the importance of including innovation may vary. Saturated markets, as earlier described, is a market

with high competitiveness and with solely small product and performance differences. It is in saturated markets that marketing innovation place a significant role, and is essential in order to sustain a competitive advantage (Fiore, Silvestri, Contó & Pellegrini, 2017).

2.3.1 Marketing Strategies

2.3.1.1 Social Media Marketing

Social media is a marketing technique that today has reached enormous attention (Tavakol & Nasr, 2017). Platforms such as Instagram and YouTube represent examples of channels where brands tend to communicate with customers. Social media is a marketing strategy frequently used by Red Bull. Red Bull uses marketing strategies that has been exemplified in various research over the years (Tavakol & Nasr, 2017). The need to communicate on different social platforms or changing advertising efforts has shown to be crucial for brands that aims to catch consumers' attention and create customer loyalty in the digitalized reality that is a significant today (Brasel, 2012). Red Bull is furthermore a brand that communicates their personality through social media, as a way of attaining and maintaining customer relationships (Tavakol & Nasr, 2017).

2.3.1.2 Guerrilla Marketing

Guerilla marketing is according to previous research a faster and more innovative way of marketing and satisfies customers' needs in new creative ways (Sandberg & Stierna, 2006). It is a technique with a wide range of advertising methods that aims to strike when people least expect it (Sandberg & Stierna, 2006). Ives (2004) states that brands today use guerrilla marketing to be more creative and modern. Also, to a greater extent, reach a younger crowd that is more aware of changes in today's society. One brand that is a leader within guerilla marketing is Red Bull, due to their marketing strategies being far from traditional (Red Bull, 2018).

2.4 Product Innovation

Garcia and Calantone (2002), describes product innovativeness as something completely new to the firm or their customers. Another definition presented by them is; the newness in the differences of new products compared with the old ones (Garcia & Calantone,

2002). A fundamental understanding of product innovation is that products, over time, should be advanced in a manner that can be predicted. Firstly, with a product performance priority, secondly, put focus on the product diversity, and lastly put attention on cost and standardization of the product (Utterback & Abernathy, 2003; Garcia & Calantone, 2002). Meaningfulness and novelty are two things that matters to the consumers, mostly as it influences the intentions one has to purchase a product. Additionally, firms and brands are working to engage their customers further with creative products as that is a criterion that can catch the eye of a consumer (Rubera, Ordanini & Griffith, 2011).

Today, most of the previous research on product innovation has been focused on technology. These studies have been conducted from a customer point of view in terms of products functionalities and features (Shams, et al., 2015). Although most of the research has focused on the technological aspect, Shams, et al. (2015), state in their research paper that a broader image of product innovativeness, at a brand level, does not only include the emphasis on functionality and features but also the special meaning brand sends towards the market and its consumers. Brands can apply innovation in their product line, with features like color or how it feels and looks, to send signals to their customers with one special message; innovativeness (Verganti, 2008).

Many companies carry out an extensive analysis to get an insight on their customers' needs to develop their products in the right direction. Its presumptions may offer exceptional insights towards product innovation with information of users' needs. This often happens in the process of asking customers or observing them during a certain time the customers are using the products. This is for companies to attain knowledge about their behavioral pattern (Verganti, 2008).

2.5 Consumer-Brand Relationship

The concept of consumer-brand relationship is not a new notion (Aaker & Biel, 1993). Blackston (Aaker & Biel, 1993, p.115) explains that one can understand the consumer-brand relationship as "/.../ an analogue- between brand and consumer- of that complex of cognitive, affective, and behavioral processes which constitute a relationship between two people". The author describes that consumers tend to personalize brands, in other words, assign human characteristics to a brand.

In today's competitive market, organizations put time and resources into building deep long-term relationships with their customers (Bertilsson & Tarnovskaya, 2017). Bertilsson states that one of the core objectives of building consumer-brand relationships is to create brand loyalty (Bertilsson & Tarnovskaya, 2017). In order for managers to understand the consumer-brand relationship, they need to observe and analyze the consumers' attitude and behavior towards the brand, and vice versa. The difference in attitudes and responses often results in the same brand being perceived differently in the consumers' point of view.

As mentioned before, customers assign human characteristics to a brand, and these are influenced by their attitudes and values. An example presented by Blackston (Aaker & Biel, 1993) is how credit card users and nonusers perceive a credit card. A credit card user might assign the credit card characteristics such as dignified, professional, and sophisticated. A non-user might see the similar traits differently, such as snobbish, condescending, and hard to approach.

2.5.1 Fournier's BRQ Model

The Brand Relationship Quality model (BRQ), developed by Susan Fournier, is based on a qualitative study (Bertilsson & Tarnovskaya, 2017). The BRQ model is based on the consumer perspective of how their relationship towards brands are integrated into their everyday life and how they add value. The model takes sociocultural context affects the quality and evolution of consumers' relationships to a brand into account (Bertilsson & Tarnovskaya, 2017). Moreover, the BRQ model explicates a theory on how the brand in the relationship affects the initiation, maintenance, and finally the destruction of the consumer-brand relationship. The model illustrates the complexity of brand relationships and the maintenance of it. It connects to socio-emotive and affective attachments, behavioral ties, and supporting cognitive beliefs to achieve relationship stability and duration over time (Bertilsson & Tarnovskaya, 2017).

Fournier explains that the model may be a more reliable predictor of relationships stability over time, compared to the traditional view of brand loyalty being solely behavioral (Bertilsson & Tarnovskaya, 2017). The model is built upon three main arguments. Firstly,

brands can and do serve as legitimate relationships partners. Secondary, consumer-brand relationships are valid at the level of consumers' everyday life and lived experiences. Thirdly, consumer-brand relationships may be expressed in several different ways, using a rich vocabulary that is both managerially and theoretically relevant. (Bertilsson & Tarnovskaya, 2017)

In the process of developing the BRQ model Fournier (Bertilsson & Tarnovskaya, 2017) developed four core conditions on which a relationship can be qualified upon. Firstly, the consumer-brand relationship shuns away from the traditional view of brands being passive, meaning that brands and customers are both active actors in the relationship. Fournier argues that a brand can become active in the brand-consumer relationship through different practices that help the customer to attribute the brand with human form and attributes. One example of these practices that is mentioned in the book *Brand Theories* (2017) is the use of spokespersons, which can result in their personality aligning with the brand. Another practice is to animate a representation of the brand that inhibits certain desirable characteristics. (Bertilsson & Tarnovskaya, 2017)

Secondly, relationships are purposive and create a meaning to the individuals that engage in the relationship. A relationship is subjective and provides meaning to the person engaged in it. As a relationship is not an individual entity but rather exists in a context where it both affects and is affected by external factors, one can say that the relationship is entangled with other relationships. (Bertilsson & Tarnovskaya, 2017)

Thirdly, relationships are a complex phenomenon. A relationship can assume many forms and are interpreted differently from individual to individual. The perceived benefits also differ greatly for each participant. Relationships are therefore subjective and hard to constitute an absolute truth. (Bertilsson & Tarnovskaya, 2017)

Lastly, the contextual concept of relationships means it evolves and changes over time in accordance with variations in the environment they are seated in. As relationships are based on the exchange between two parties, they evolve in accordance with variations in the surroundings and the interactions between the two parties. (Bertilsson & Tarnovskaya, 2017)

The BRQ model is based on the notion that each consumer has a portfolio of various forms of brand-relationships. Fournier derived 15 different types of relationships with

unique conditions and demands (see Appendix B). Some examples of these are 'childhood friends', which includes low purchasing frequency and with a nostalgic appeal, or 'compartmentalized friendship' where the brand is a part situationally confined and known for an easy exit and entry. In addition, Fournier argues that all these different relationship types have different development and deterioration paths. (Bertilsson & Tarnovskaya, 2017)

The final step in Fournier's BRQ model is an indicator of brand relationships strength, depth, and quality. Fournier suggests that quality is best constructed as it can depict the rich fabric of which relationships stem from. The BRQ model depicts that quality can be divided into six facets; love/passion, self-connection, commitment, interdependence, intimacy, and brand partner quality. (Bertilsson & Tarnovskaya, 2017)

2.6 Brand Loyalty

Brand loyalty has been widely researched within the marketing field. Components such as brand attitude (Oliver, 1999), brand trust (Ganesan & Hess, 1997), perceived value for money (Sirdeshmukh, Singh & Sabol, 2002) and customer satisfaction (Olsen, 1993) have all been key elements when discussing brand loyalty. According to Oliver (1999, p.5) loyalty has been defined as "A deep held commitment to rebuy or re-patronize a preferred product/service consistently in the future". This correlates with Yoo and Donthu (2001) that simplify the term brand loyalty as the intention to make a purchase with a certain brand as the primary choice.

However, as depicted by Jacoby and Kyner (1973) and Amine (1998), brand loyalty does not have to correlate with purchasing behavior or usage of the product. An example, presented by Jacoby and Kyner (1973), is when a parent makes a purchasing decision for their child, the user of the product may not be brand loyal but the decision maker is. This is linked to the decision making process and the importance of brand awareness (Keller, 1993). Keller (1993) explains brand awareness as the ease and likelihood of one particular brand being thought of in certain situations. Brand awareness is, therefore, an initial step for the consumer to build brand loyalty.

The traditional view of brand loyalty was behavioral oriented and focused on a repetitive purchase pattern as an indicator of loyalty. Nowadays scholars and managers describe

brand loyalty and customer relationships as a cooperation and partnership where both actors influence each other, exchanges and creates value together. (Bertilsson & Tarnovskaya, 2017)

In the article "Consumers' true brand loyalty: the central role of commitment" (Amine, 1998) the author describe two approaches to understand brand loyalty; upstream and downstream. Downstream approach depicts that previous purchasing patterns and history is sufficient for organizations to ensure future similar behavior. However, this approach has been critiqued for not taking situational factors into account that can change the behavioral pattern. Upstream, on the other hand, takes motivational factors into account to develop an understanding of customer loyalty. (Amine, 1998)

According to Jacoby and Kyner (1973) repetitive purchasing can be categorized as true brand loyalty or inertia repurchasing with commitment as the fundamental distinction between the two. Inertia repurchasing refers to repetitive purchase behavior that is highly adaptable to external factors. The difference between repetitive customers and brand loyal customers can be explained as of how consumers' decisions are affected by environmental aspects, such as price and convenience (DeMers, 2017; Jacoby & Kyner, 1973).

Olsen (1993) explains that the age of the consumer plays a vital role in determining their brand loyalty and consumption behavior. In the study, Olsen (1993) discovered that younger consumers often use brands as a way to connect with their past through the memories of experiences provided by brands. An example of this is a customer that associate a certain breakfast brand with their family, the brand itself may not be of interest but the memories associated with it creates brand loyalty. Through the purchase of a brands product, consumers reconnect with history and experiences they have had. This led to the discovery that many young consumers use the same brands as their parents, leading to brand relationships through generations (Olsen, 1993).

The organizational practice of creating and maintaining customers' relationships and loyalty is more relevant today than ever before (Bertilsson & Tarnovskaya, 2017). Strong relationships and loyal customers have been an explanation of success for certain brands. Another aspect is that despite outsourcing production, the customer loyalty could be more

focused towards the brand rather than the products developed by the brand (Bertilsson & Tarnovskaya, 2017).

2.6.1 Brand Loyalty Matrix

The traditional view of brand loyalty was behavioral oriented and focused on the repetitive purchase as an indicator of loyalty (Bertilsson & Tarnovskaya, 2017). Nowadays scholars and managers describe brand loyalty and customer relationships as a cooperation and partnership where both actors influence each other, exchanges and creates value together.

Dick and Bacus created a two-dimensional matrix (see Appendix C) that simplifies behavioral and attitude-based loyalty (Bertilsson & Tarnovskaya, 2017). It results in four different types of loyal customers; no loyalty, latent loyalty, spurious loyalty, and true loyalty. The objective when using the model is to identify one ideal position of the brand or the brand's target customers in order to guide them to the true loyal categories. Among the true loyal, brands here would have a high level of customer satisfaction, a low statistic in customers leaving the brand, and be among the market leaders in the industry.

The category no loyalty is the least desired place for brands to be located within. The customers in this category have a sporadic purchasing patterns and generally dislike the brand. This place has the most difficult customers and they are sometimes called the "terrorists" as they often spread rumors and negativity. Latent loyalty depicts the consumer that might be loyal to the brand, yet does not make regular or even sporadic purchases. This is often due to external factors such as convenience and price. The last category is called spurious loyalty and is the customer that, despite making large purchases from the brand, are not satisfied with it. This is many times a result of low competition, resulting in the customers being referred to as "hostages" as they lack the ability to switch. (Bertilsson & Tarnovskaya, 2017)

2.7 Low-Involvement Purchases

According to Quester and Lim (2003), the involvement within a product category is closely related to the commitment or loyalty to a brand within a specific industry. Furthermore, the greater importance that one type of product is to a customers' ego and

sense of identity, will result in a more profound connection and relationship with a brand (Quester & Lim, 2003). In the opposite scenario, if a product is of little or no importance to the individuals' ego, the person will develop a lower attachment to a brand. Therefore, brand switching would be a more frequent happening among these customers (Quester & Lim, 2003).

Purchase involvement can be described as the importance of the purchasing activity by a consumer (Quester & Lim, 2003). Low-involvement purchases are therefore purchases made with low relevance to the customer. Consumers of low-involvement purchases often associate the product class as trivial and therefore does not develop a relationship to a brand (Mathew, Ali & Thomas, 2014). According to the author's, credibility is an important element to build with consumers in the low-involvement purchasing group, this could be done through repeated communication. Credibility is furthermore essential to consumers of low-involvement purchasing decision since their way of processing information, regarding the product, is different from others (Mathew, et al., 2014).

2.8 Introduction to Generation Y

When defining generation categories it is difficult to state the exact parameters of at what age they start and end. According to Bergh, Behrer, and Damme (2014), the time span for Generation Y is between 1980 and 1996. The generation approximately makes up a quarter of the whole world's population (Branigan & Mitsis, 2014). There have been many synonyms for the Generation Y such as, Millennials, Echo Boomers, and Generation Why, just to name a few. Generation Y is the most educated and culturally diverse generation group today and as a result generally live with a more open-mindset than previous generations (Noble, Haytko & Phillips, 2009).

Generation Y are the successors of Generation X (Bergh, et al., 2014). General characteristics of Generation Y population are cynical and critical thinking. Generation Y is the first generation to have been exposed to technology from a young age. This might be the reason why the group is generally hard to impress within some areas (Bergh, et al., 2014), and why they have been known to appear skeptical towards marketing efforts (Branigan & Mitsis, 2014). Despite this statement, other researchers have implied that the group is an easy market to target where traditional social habits and values are not as

embedded. Additionally, the Generation Y has grown up in a society where consumerism is a culture, which can benefit marketing efforts and result in greater responsiveness from the group compared to previous generation (Branigan & Mitsis, 2014). The members of Generation Y play a highly active role in the marketplace and are as a result an attractive target group, particularly for this thesis.

3. Methodology

In this section, a presentation on the chosen methodology will be brought to the light. An explanation of the chosen philosophy, approach, strategy, method, sampling and type of analysis will be presented. Moreover, an explanation on how interview questions were conducted and how the analysis is structured and lastly implemented brand and target group will be defined as well as described its importance to this thesis.

3.1 Research Philosophy

Research philosophy is a system built to develop knowledge within a particular research field and to avoid unnecessary facts (Saunders, Lewis & Thornhill, 2016). Firstly, one has to consider premises to distinguish research philosophies with two research assumptions: ontology and epistemology (Saunders, et al., 2016). Slevitch (2011) illustrates ontology as the nature of reality and the epistemology as the views on truth and knowledge. The thesis aimed to produce an understanding in a subjective manner, making the qualitative approach most suitable for this study.

As this thesis was based on a qualitative approach, it was important to state the facts received to justify the study correctly. Slevitch (2011) explains that a qualitative approach is based on interpretivism and constructionism. As this thesis aimed to find multiple realities from participants and had a subjectivist view, it ontologically embraced social constructionism, which indicates that reality is based on social interactions on how reality is experienced. There is not only one reality but multiple ones, which is based on one's interpretation (Saunders, et al., 2016). The epistemology in this qualitative study was implanted in the ontology, stating that perceptions depend from person to person (Slevitch, 2011). The researchers aimed to obtain a better understanding of how the participants thought and perceived innovation as a part of their loyalty towards a brand. Furthermore, the study was implemented from a social constructionism ontological point of view, and the participants' reality and mindset were viewed from a subjectivist perspective.

A subjectivist view was chosen as the continua, as the reality by individuals is based on their subjective thoughts and interpretation of the world. Subjectivism was established to

prioritize different standpoints and attain individual's opinions about their view on the society (Saunders, et al., 2016). Additionally, there are five major philosophies on which this research can be based on, positivism, pragmatism, critical realism, postmodernism and interpretivism (Saunders, et al., 2016).

The research philosophy most suitable for this thesis was the interpretivist framework. As the thesis was written from a qualitative perspective and the primary data was retrieved from semi-structured interviews to look at people's different perceptions on the reality, the interpretivist framework was most suitable for this study. According to Saunders, et al. (2016, p. 140), interpretivism emphasizes that "people of different cultural backgrounds, under different circumstances and at different times make different meanings, and so create and experience different social realities". Interpretivism collects information on what is meaningful for the individuals of the research. An important element for the researchers to bear in mind, was when conducting an interpretivist research one needs to have an open and empathetic attitude. Interpretivism is a frequently used method within the business and management research, where the topics are often unique (Saunders, et al., 2016).

3.2 Research Approach

The research approach is based on philosophical assumptions. According to Saunders et al. (2016) there are three different approaches one can choose within the research, deduction, induction, and abduction. To determine which approach to embark on it is essential to be clear on what the research theory is based on.

Firstly, a deductive reasoning appears when the result of a study is logically developed from evidence. If all evidence is accurate, the results will be accurate as well. One can say that it is an approach to natural science as the foundation is based on explanations from the law. Deductive approaches usually begin with a hypothesis, which makes it mainly associated with quantitative methods (Saunders, et al., 2016). Hence, a deductive approach is not a suitable approach for this study.

In the contrasting approach, inductive reasoning, there are gaps in logical arguments between results and premises. The approach is founded on observations rather than logical arguments. On the contrary to the deduction, the inductive approach apply theories along

the research process. The result and conclusion of an inductive reasoning approach are supported by the previously made observations. An inductive approach is more suited to a qualitative study as the sampling is often taken from small samples. (Saunders, et al., 2016)

Lastly, abduction works in a different manner than the two previously mentioned approaches: deduction and induction approaches. Suddaby (2006) explains deductive as theory moving towards data, inductive data to theory, abduction, however, moves back and forth. One can view abduction as a combination of deductive and inductive. Hence, an abductive approach is not a suitable approach for this study.

The approach most suitable for this study was an inductive approach where the data would lead us to the theory. The study was written from a qualitative standpoint and the samplings were collected from semi-structured interviews. These methods all fell under the inductive reasoning, as well as it aligned with the interpretivism philosophy chosen (Saunders, et al., 2016).

3.3 Research Design & Strategy

Research design and strategy are the following sections of the methodology. Starting with the research design, a research designs task is to establish how one will turn the research question of the study into a research project. The research design entails in what way the research question will be answered and how the data will be collected and analyzed. The primary choice within the research design is whether the study will be written from a quantitative or qualitative perspective, or from a mixed method research design. What is representative for a quantitative is generally the simplicity of numeric data, and the analysis is implemented through statistics and graphs. In qualitative methods, data collection is analyzed through interviews to receive a deeper understanding and insight about a subject (Saunders, et al., 2016). The problematization when deciding on what research design to embark on is that the result from both can become too narrow. Thus, a mixed method is a commonly used choice where it presents a broader result. However, this method was not applicable for this thesis.

Quantitative and qualitative methods both have their strengths and weaknesses. Quantitative can present results that include more samples, however, these are more likely

to be closed and defined. The results of qualitative methods are often used to uncover trends in people's thoughts and impressions of their perspective and dive deeper into the problem. (Saunders, et al., 2016)

The chosen research design for this thesis was the qualitative method, as the data collection technique was solely collected through semi-structured interviews. The study hoped to collect trustworthy data from participants regarding perceptions on the subjects of innovativeness and loyalty in today's saturated market. By using the semi-structured interviews, the results provided truthful answers, without the influence of outside perspectives (Saunders, et al., 2016).

Semi-structured interviews are one of the most popular primary data gathering in exploratory studies. Therefore, this thesis followed an exploratory research design. This design does not aim to provide final and definite answers towards the chosen research question (Saunders, et al., 2016). One can say that it investigates the topic of the research on different depths. This thesis had a research question and problem that had not yet been explored in previous research and the exploratory research tackled those problems that had not yet been brought to the surface (Saunders, et al., 2016).

The research strategy can be described as a plan to achieve a goal. Additionally, a strategy assists the researchers to answer the research question in accordance with every chapter of the thesis. Examples of research strategies are phenomenology, case study, ethnography and grounded theory. The most applicable for this thesis is phenomenology. It is one of the preferred methods within qualitative studies and interpretivism, in which this study falls under (Saunders, et al., 2016). According to Saunders, et al. (2016), phenomenology strategy creates understanding on participants lived experience. This study included participants thoughts and experiences with Red Bull, which made the researchers gain insights in specifically those phenomenons. This is why this strategy is suitable for this particular study.

3.4 Time Horizon

In the process of conducting a research study, it is important to determine the time horizon. The time horizon can either be cross-sectional or longitudinal (Saunders, et al., 2016). A cross-sectional study studies a phenomenon within a specific point of time,

whereas the longitudinal studies a phenomenon over a period of time (Saunders, et al., 2016). As this study was under a time constraint of five months the cross-sectional approach was applied.

3.5 Methods of Data Collection

3.5.1 Semi-Structured Interviews

An interview can be implemented in several manners; it can be structured, semi-structured, and narrative (Stuckey, 2013). A structured interview means that the questions are typically shorter and presented in a straightforward manner. Most commonly the questions are closed and does not involve the participants' opinions (Stuckey, 2013). Narrative interviews are another approach that the researchers can apply. The concept is based on that the interview is solely from the participants' life experiences and the participant is the leader of the interview. It is essentially a storytelling of a participant's experience (Stuckey, 2013). The third is semi-structured interviews which were the applied method for this thesis.

Semi-structured interviews differ from other methods where it is aimed to be more similar to a conversation, in which the interviewer leads the conversation in the direction of the research. The purpose of a semi-structured method is to get a deeper knowledge of the participants' thoughts about the subject during the interview. This is a preferred method within qualitative research papers. (Stuckey, 2013)

Semi-structured interviews were chosen for this thesis primarily to ensure that the primary data result will be confident. Where the researched topic is whether innovation influence consumers to become loyal in saturated markets within the energy drink industry, it was essential that the data was collected solely on the individual consumers' thoughts and activities without influences from others. Focus groups are also a frequently used and recommended method within the qualitative research field. A focus group is most commonly several participants being interviewed simultaneously and together discuss the questions. In this case, the results could become deviant as people have a tendency to impact how others answer and can therefore lead to inaccurate results in accordance to this thesis. (Saunders, et al., 2016)

Through semi-structured interviews, the participants could speak openly about their thoughts about innovations and brand loyalty without restrictions. The interviewers' role during the interviews was to guide the participants in the direction of the topic without constraining their answers. The aim of using this approach was to get a more in-depth understanding of the participants' thoughts, attitudes, and perceptions about innovativeness, brand loyalty, and their energy drink consumption today.

3.5.1.1 Interview Guide

The interview guide conducted for this study was divided into several sections. The first section of the interview guide included general questions about the participant life, including age and occupation. The second section consisted of questions regarding brand loyalty. Here the participants could speak freely about their views regarding the term, state what brands they felt loyal towards, and why they are loyal towards particular brands. The third section revolved around the term innovativeness. Questions asked in this section were about their view on innovativeness, how they define it and if it has an impact on them. The purpose of the following section was for the participants to answer questions regarding the energy drink industry and their consumption habits. This study used Red Bull as an example for the participants to simply connect to a brand and apply their answers to it. The final sections included questions regarding Red Bull as a company, the participants' relationship and connection to the brand, and how they perceive Red Bull's innovation efforts (see Appendix A).

3.5.2 Red Bull

To enhance this study one brand was chosen for the empirical findings to be comprehensive. Red Bull was chosen as the brand, and it worked as a tool for the researchers to gain an understanding on how Generation Y feels towards a specific brand when they innovate. One reason for Red Bull being chosen as an example in this study, was because of the brands success globally. The brand is in a state of constant growth, and has today become one of the biggest brands in the energy drink industry (Red Bull, 2018). Red Bull is also known for their bold marketing approaches, along with their ability to niche themselves in specific demographic segments, namely Generation Y. Another reason for Red Bull being chosen for this study, was because of energy drinks

popularity among Generation Y. This was due to Red Bull's strong market share in the beverage market, particularly within the age span of 18 to 34 (Heckman, et al., 2010). By being visible in social media platforms and through extreme sports, Red Bull appeals to customers who are active online (Bennett & Lachowetz, 2004). Since Generation Y have grown up during the digitalization, their social media presence makes them a suitable target group for Red Bull (Bergh, et al., 2014).

3.6 Sampling Method

When choosing participants for a study, several methods can be used. The primary decision to make is whether the sampling method should be collected through probability samples or non-probability samples. What differentiates the two is; in a probability sample the participants have an equal chance of being selected, and in a non-probability sample the participants do not have an equal chance of being selected. For this study the non-probability sample was chosen as time and resources were limited. (Saunders, et al., 2016)

There are several of non-probability sampling techniques one can choose when selecting participants; quota-, purposive-, snowball-, and convenience- sampling are just to name a few. For this study the purposive sampling approach was applied to recruit participants. The concept of the technique is to select participants that meets the objective of the study. As this thesis studies the perspectives and personal interpretations of Generation Y, participants were students of Jönköping University, where the researches of this thesis studied. The chosen participants had to be born between 1980 and 1996, and be known to consume energy drinks. This approach is often associated with exploratory research, which makes it suitable for this particular research paper. (Saunders, et al., 2016)

The aim of the study was to interview approximately five to ten people, ultimately it ended in eight interviews lasting approximately 30-45 minutes. The participants were found via social media and through the mouth-to-mouth approach.

3.6.1 Generation Y

This qualitative study targeted consumers within Generation Y, mainly because that there has been few studies regarding the topic how Generation Y's loyalty towards a particular

brand is influenced by innovation. The generation was chosen due to their high loyalty towards energy drinks (Heckman, et al., 2010). Additionally, Generation Y develops loyalty when they identify the specific brand as innovative (Gözükara & Çolakoğlu, 2016). This is the reason why Generation Y is the most suitable target group for this thesis.

3.7 Data Analysis

This study was researched and written from a qualitative perspective. According to Williamson (2002) there are several steps in the analyzing data process, one step highlighted as necessary for a qualitative study is to transcribe the gathered material. When conducting the interviews, the three authors shared the responsibilities of the different task. The number of researchers present during the interviews varied, the most occurring arrangement was one author who led the interview by asking the questions, and one author who took notes. All interviews were audio recorded, with the participants' consent, and therefore the notes mainly contained general attitudes regarding the questions, non-verbal communication, or if the interview was interrupted at any point. All audio-recorded content was later transcribed by the authors. To ensure the anonymity of the participants no names were revealed in the paper. The interviewees were identified as participants along with the number in which order they were interviewed.

Another step suggested in the analyzing data process is to examine the gathered interview material (Williamson, 2002). The material was viewed and examined by all three authors to highlight patterns, quotes, and attitudes towards the subject that was of importance. Cohesively with examining the results, the data was organized into categories for the empirical findings.

3.8 Trustworthiness of Research

When assessing qualitative research, one must evaluate the trustworthiness. This is essential due to the knowledge one can retrieve about the quality of the thesis (Slevitch, 2011). The following information is referred to criterions of the validation process to review the data as well as examine the quality of the data collected.

Credibility is one of the most important components of trustworthiness, as it reflects if the findings are true and accurate. The researcher can draw the conclusion that the participants handed out honest answers from their point of view. Furthermore, ensuring that the participants socially constructed realities truly match the participants' intention and thoughts on information the authors already retrieved. The interviewers aimed to make the participants of the study feel safe during the interviews and stated early on that there is no such thing as wrong answers. This made the participants feel trust towards the researchers which allowed them to speak freely, and provided the interviewers with sufficient answers. (Saunders, et al., 2016)

Transferability is the part where the researchers describe the findings as applicable to other contexts and situations. The researchers aimed to provide the readers with broad description of the research, design, questions, and how to use the findings. The researchers provided transferability for future researchers to interpret the information and made the thesis applicable to other contexts. (Saunders, et al., 2016)

Dependability is a criterion aligned with reliability. As this thesis was an interpretivist research, the focus of the research changed during the process. The authors therefore recorded all of the changes that had to be made and changes already made. This created reliability when emerging changes appeared. This technique was established in order for future researchers to have an easy time finding relevant information. (Saunders, et al., 2016)

Authenticity is a criterion designed for interpretivist research and provides fairness within the research, by illustrating all views in the thesis. Also raising awareness and provoke learning and change. (Saunders, et al., 2016)

The validation technique most suitable for this thesis was triangulation. Triangulation includes data collection from multiple sources to confirm the validity of the data. As this research included two independent sources of data collection, semi-structured interviews, and secondary sources, the outcome ensured that the two aligned with each other. The authors discovered, in this interpretivist research that by applying triangulation, depth and richness was added for the thesis to develop a deeper meaning but also more essential knowledge. (Saunders, et al., 2016).

3.8.1 Literature Review

Significant literatures were included in this thesis. As the researchers found a problem and a research gap with the chosen subject, literature was wisely collected to define major issues and identified new ways to interpret innovation and loyalty. Google Scholar was one of the major sources used. Here, the researchers observed how many times the journals and theses had been cited in different works. Additionally, finding relevant works that align with the information needed to complete this study. Jönköping library's website was also an important source used. The database provided scholarly works that were necessary for the thesis to be conducted. Two books were found to be of great importance when helping the researchers to write the methodology and to gather information about brand definitions and theories. The first book, *Research Methods for Business Students,* provided the researchers with the methods most suitable for this thesis. The second book, *Brand theories: Perspectives on brands and branding*, brought value to the whole study with both definitions and theories.

3.8.2 Critical Concerns

The gathered empirical data was believed to be trustworthy in the researchers' opinion. Despite this, there is a risk that some parts of the interviews are disoriented and misinterpreted. This could be due to the interviewee misunderstanding a question or not been able to express their thoughts fully. Another concern was that the participants might have answered questions in a way the interviewers wanted to hear, and not answered completely truthfully.

The literary sources used during this research could have had different philosophical opinions. This could result in different outcomes and statements in terms of information established in this thesis. Furthermore, some of the sources used were built on quantitative studies, which were believed to be necessary for the study, but might have given another point of view than a qualitative one.

4. Empirical Findings

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In this section, the results from the semi-structured interviews will be presented. This part of the thesis will give the reader an insight of what was uncovered during the primary data collection process and understand participants' perceptions on the chosen topic.

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For this study eight semi-structured interviews were conducted. Both female and male Generation Y individuals were interviewed and ranged between 22-24 years-old. The interviews were conducted between the 6th and the 16th of April 2018. The length of the interviews varied between 27- 48 minutes, and all but one was conducted at Jönköping University.

Abbreviation	Age	Gender	Place of Interview	Date of Interview	Length of Interview (min)
P1	24	Male	Jönköping University	06.04.2018	33.32
P2	22	Male	Jönköping University	09.04.2018	40.42
P3	24	Female	Jönköping University	09.04.2018	28.26
P4	23	Female	Jönköping University	09.04.2018	34.49
P5	22	Female	Jönköping University	10.04.2018	27.38
P6	23	Female	Jönköping University	11.04.2018	28.43
P7	24	Male	Jönköping University	11.04.2018	48.58
P8	23	Female	Jönköping City	16.04.2018	38.24

4.1 Semi-Structured Interviews

4.1.1 Perceptions about Brand Loyalty

In the beginning of the interviews, the participants were asked question regarding the topic of brand loyalty. The initial question asked to the participants was what brand loyalty is to them, and how they would define it. All of the participants gave similar answers. They described brand loyalty as continuously choosing one brand over another, being faithful to a particular brand, and always choosing to explore that brand before another.

> *"For me it's constantly choosing a specific brand over others, despite other possibilities. That you always choose a Ramlösa over a Loka."* P7

"I would say that it's that you are [repetitive] to the same brand. If it's clothes, then I chose to go and look at that store first. Maybe having a belief that I think they have nice clothes, that they make good products that I can sympathize with. And that loyalty means that I primarily choose them, and they close to my memory." P1

Further, the participants were asked what elements or aspects make them loyal towards a brand. The response from this question resulted in divided answers, some valued quality, others convenience, and price was also of importance. As a follow-up question to the previous, the participants were asked if they believed their brand loyalty depends on the industry. The answers to that question were relatively cohesive, as all but one believed that the industry can influence how brand loyal you are. P6 argued that industries target different customer segments and therefore the audience is influenced. P5 described being more loyal in the clothing industry in comparison to the food industry, where they described that price plays the biggest role in their selection decisions.

4.1.2 Perceptions about Brand Innovativeness

In the second section of the interview, the participants were asked the question of what brand innovativeness means to them and how they would define it. The participants explained the term in various ways, but all were close to the definition of brand innovativeness used in this study. Some associated the term with marketing and finding new ways to market a band, while others associated the term with product development.

"It's development. To me brand innovativeness is development of new products, new ways to market yourself, new groups you want to target. Simply renewal." P5

"A brand that has found a new way to market themselves. A company that finds new ways to reach their target group." P6

"It is a new creation of a product." P1

It was evident that the participants identified brand innovativeness in different categories, as some associated it with product innovations and others with marketing efforts. The term brand innovativeness includes both types, therefore the participants were asked specifically how they viewed both product innovations and marketing innovations.

Product innovations generated several responses discussing the creation of new products, along with satisfying demands a market has not discovered.

"To create a completely new product the market has not seen before to satisfy a new demand the market has yet to discover." P1

"New smart solutions to make life more simple." P4

It was evident from the conducted interviews that marketing was often associated with innovativeness. The majority of the participants described that there are many ways of being innovative in terms of marketing. This included social media channels, such as Instagram, celebrity endorsements, and free sampling. However, there was also resistance from one participant regarding the question *"Would you say marketing can be innovative?"* explaining that innovation according to this participant, is directly associated with new products.

"A little, but it is not what I think of when I think of innovation. I can agree that there is an innovative way of displaying things but it's pretty far for me to get there. When I think of innovation I think about a new product or a company that is very cool." P3

The participants were also asked if they associated any companies or brands with innovativeness. There was no unanimous answer, the participants all presented different answers including Tesla, Red Bull, ICA, and OnePlus.

"OnePlus. It's a constant development, and new ways of delivering value to customers that is not equivalent to other companies on the market. I would say, they deliver something that no one else can deliver, and they are first. There will always be someone who jumps on the train after, but they are first to deliver in that way. They are on the edge of technology." P7

To conclude the brand innovativeness section of the interviews, the participants were asked whether they feel that innovation has an impact on them. There was an evident majority that felt influenced by innovativeness through both marketing and product innovation.

"Yes I think so, I think I'm the perfect target customer for innovation. Place Zlatan on a Vitamin Well bottle, or a poster, and I'm there." P5

"Yes, if it is within a segment where I can find value in how I use the products, and if it satisfies a need I did not know I had." P1

"Yes I believe so, since innovation for me is improvement and simplicity, you have to have innovation to move forward in the development." P4

"Yes of course, definitely. Marketing is kind of like a service and when it comes out with new strategies and advertisements that is, as your definition about innovation, bringing value to consumers. Information, bring out needs bring out wants, desire, getting it out there." P8

4.1.3 Insights on the Energy Drink Industry

The participants in the interviews were asked what initially comes to mind when hearing the word "energy drink". All but one of the participants answered Red Bull, without hesitation. This indicates that many of the participants acquire high brand awareness of Red Bull, and sees it as a representation of the whole energy drink industry. The participants were asked about their consumption of energy drinks in their everyday life. The majority of the participants answered that they solely drink it during exam periods or at social gatherings. Two of the participants used it as a supplement to stay awake during long car rides, as an addition to the previous mentioned exam period and social gatherings usage. One of the participants added that they buy it if they see promotions regarding the product.

"I buy it during exam periods and if there is a promotion somewhere. I would not buy it in everyday life just to have it at home. When the Wings Team are walking around [at school], I'm the first one there." P4

"But now I would say that sometimes at Akademien I drink Red Bull, as I no longer drink alcohol in that manor at Akademien." P7

Half of the participants also said that they often drink Red Bull when the drink is distributed for free around Jönköping University. One participant said it affected how often they bought Red Bull.

"I consume it when it is given. I believe it has eroded its value, because then I'm paying 20 SEK for something I know I can receive for free, usually more often than I need it. Therefore I usually withhold from purchasing it instead I wait until I get it for free." P1

The participants were asked of how they first encountered Red Bull as a brand. Half of the participants said it was through different types of advertising, through social media, events, and commercials.

"I would say it is mostly because I enjoy following their Instagram accounts, they are very interesting." P1

"I do believe, now I do not really remember for how long their commercials have run on TV, but I would say it was through their 'Red Bull gives you wings - commercial', it was very special." P6

The other half said that they first encountered Red Bull at the club in the drink Red Bull Vodka, and therefore associated the drink with the brand.

"Through Red Bull Vodka. The name is not energy drink-vodka, it is Red Bull-vodka, and they have made a drink out of it." P3

The question regarding what influenced them when making a purchase of an energy drink was divided into two categories. Firstly, the external factors, such as price and convenience, and then the product attributes, such as taste and content, affected their decision. All the participants claimed that price affected their decision, and was later in the interviews named as one of the main reasons they did not purchase energy drinks regularly. Three of the participants also said that the taste of the product was very important to them.

"I would buy energy drinks firstly because I need energy, secondly because of the price and last, or very far down, the look." P8

"But otherwise I go on different tastes, I love Red Bull's kiwi flavor so that is what I want to drink. They also launch season flavors that I usually want to taste, because I know that the previous ones have been delicious." P4

The participants were asked of how affected they believed they were by the marketing efforts regarding the product. The majority believed it had a great impact on their purchasing decision. Those who believed it had an impact said that the visibility, events, ambassadors, and overall brand image influenced them.

"I think, what I believe is the cool part of Red Bull is their competitions and sport events. I think it influences me in a way that when I feel like I'm in a similar situation, like when I'm going skiing or for a long car ride and need energy to get hyped, then I need a Red Bull! I believe I'm affected if I'm in a similar position." P2

"I don't think there is that much marketing efforts from other energy drink brands [than Red Bull], maybe in magazines. I am trying to remember if I have seen a Celsius or Monster commercial but I don't think I have. That is the thing about Red Bull, they stand out. They market themselves, not only through the TV with the cartoon "Red Bull gives you wings", but they also market themselves through Facebook. They also have challenges where you are supposed to travel around Europe, competitions, and being sponsors of big events, that is how you recognize them and know that they target students." P4

However, two of the participants said that they do not believe the marketing efforts of energy drinks affect them since they focus more on the product itself rather than the brand.

"I couldn't care less. I know they exist, and that Red Bull market themselves everywhere and give out free products, and NOCCO does that to, but I'm not that affected by that."
P7

4.1.4 Perceptions about Red Bull

The participants were asked about their knowledge about Red Bull as a brand and what they do. All the participants said that they associated Red Bull with events within extreme sports, adventure, student life, and competitions. The majority of the participants

associated Red Bull with the brand image and marketing efforts rather than the actual product.

"I know that Red Bull is a brand that is oriented around sports, especially winter sports. It's a global brand. I know that it tastes pretty good, I know that the can looks fabulous, I know that it's best served chilled, but I also know that they do a lot a lot of marketing. As I said, based on sport events. So, I think it's linked and branded as an athletic energy drink." P8

"You have seen the race in Europe right now, and then the Home Run last week, I also know that they have a music label and a hockey team. /.../ it's a lot of other stuff as well, but there is not a lot about the actual product, but rather the brand itself." P6

The interviewees was asked to further develop their answer on how they value the events of Red Bull. Three of the participants claimed that it was the events that they enjoyed the most about Red Bull, as they are exciting and different from other brand's events. Additionally, one of the interviewees stated that they thought the events were fun and exciting but selective, as not everyone has the opportunity to take advantage of their events.

"I have never been to them [Red Bulls events] but I have seen that they have cycling and surfing competitions, that I enjoy following on social media. It's fun that they have those kind of events." P1

"To taste a new product is something everyone can do, but travelling around in Europe only using Red Bull is not for everyone." P4

With the previous answers regarding innovation in mind, the interviewees were asked to explain whether or not they believed Red Bull as a brand was innovative. Both in regards to being product innovative, and innovative in how they market the brand. None of the participants believed that new flavors could be seen as innovative. However, the majority of the participants believed that Red Bull's marketing strategy was innovative as it differed from competitors in the energy drink industry.

"Definitely. They have a completely new way of marketing their energy drink, they never really market the actual drink but they do market the brand." P6

"Definitely! Sponsors have always existed in some form when it comes to sport events and athletes and so on. But Red Bull has taken over it. There is Monster that also use sponsorships, but not to that extent. Red Bull makes it more their own thing than Monster. Red Bull have for example Red Bull Homerun, others have a similar but Red Bull does it big and creates their own version of it. You could say that they [Red Bull] were so right in time that it evolved to the platform it is now." P2

"I think they're innovative in their way of marketing. I think we can come back to that question from before about innovative type of marketing. They have so much exposure, their brand is everywhere! Even if it's small or big it's such a well-recognized brand and I think that's because of their innovative marketing." P8

"They might be innovative in their marketing but not in what they deliver [the product], it's still an energy drink." P7

As a follow-up, the participants were asked to explain which of Red Bull's marketing channels they felt most influenced by. The participants' answers differed, and many different channels were discussed. Some of the marketing channels mentioned were Instagram, YouTube, sponsoring, Wings Team, and commercials.

"Social media sometimes if I see them on a snowboarder's [Instagram] story. But then I would just think "Wow, there he just got some money". "P2

"Red Bull are so good at marketing themselves, it's not like they push out a lot of material really. It's more that they market themselves through events, through their Wings Team, that you associate yourself with constantly, and that you see them on social media. It's really a drink that markets itself." P6

"I usually see Red Bull during the Olympics, snowboarding. Then everyone had the Red Bull logo, maybe not on their clothes but on their gear, like their helmets and boards. They usually sponsor different activities or sport that I usually watch." P7

Furthermore, the participants in the interviews were asked if they perceive themselves as loyal to Red Bull and of their feelings towards the brand. The majority of the participants said that they would label themselves as loyal, however, two participants said they were

loyal to the brand and their events but not to the actual product. Two other participants said that they were not loyal since they were loyal to a competitor, or that they simply did not care enough about the brand when making a purchase of an energy drink.

"I appreciate what they do and all the cool things and competitions. I would say that I'm fairly loyal to that. I would rather go to a skiing contest that is arranged by Red Bull than one arranged by Monster. I'm loyal to the image and events rather than their product." P2

"I would have to say that I'm, because I prefer Red Bull. If I had an unlimited budget then I would purchase it every time." P3

"No, not really. As I mentioned, in the situation I'm in now I buy for the price and not the look or taste." P8

The interviewees were asked to identify their relationship to Red Bull using the 15 different relationships descriptions from the BRQ model. Although the participants that previously said that they labeled themselves as loyal, the majority chose the sixth relationship type. The sixth relationship type is called 'compartmentalized friendship' and is summarized as using the product for certain occasion, but would not be sad if the relationship ended. Some of the occasions were the participants said they consumed Red Bull was at nightclubs, at university, during long car rides, and during skiing vacations. However, the participants said they would not be sad if the relationship terminated since they simply could switch to a competitor.

The participants were also questioned of how a change in either Red Bulls marketing appeal or products would affect their relationship to the brand. The responses were divided between whether the product or the brand image was the most important part. The participants that previously had answered that they valued the marketing, events, and the brand image of Red Bull, said that a change in this area would make them switch brand. This was a result of them perceiving the brand as more important to them than the actual product. The participants with low attachment to the brand and only consumed the products due to taste and availability believed a change in marketing would not affect their relationship to Red Bull.

"If they ruin my product I couldn't care less. However, by changing the brand image which is their product according to me, even if it's not an actual product it becomes one to me, and by then taking that away and making it worse then I wouldn't care about Red Bull as it's no longer interesting to me." P2

"/.../ personally I think of Red Bull more as a marketing company rather than an actual energy drink company and I would stand by them because of what they do in regards of marketing and event. And as I've said, I see my purchases as almost donations, I don't think that I get anything for it, or sure I do get the entertainment on social media and a small drink in my hand. It's like an investment in my entertainment. If they had change management or something along those lines, started switching the marketing appeal or cut back on the budget and instead focused on R&D then I would start searching for a new product because that's not what I'm looking for." P1

"It would have changed my attitude if the products changed. But not at all if the events disappeared or changed." P3

"I believe that if they would remove the extreme sport as an example, then they would lose in value or at least credibility. But if they started only selling the original and sugar free, I believe it would go just as well. I think that you buy it for the brand not for the actual product." P6

5. Analysis

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After gathering the empirical data, the researcher identified four key themes on how innovation influences consumers' loyalty within a saturated market. The four themes were; exposure to the brand, lifestyle, association with social events and student life, and the influence of low-involvement product.

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5.1 Exposure to Brand

One of the main findings of this research was the exposure of the brand. Red Bull is known for their extreme and innovative exposure, which is one element that the researchers found made Red Bull gain competitive advantage amongst its competitors. The participants agreed that Red Bull's thrilling and innovative marketing was an element that caught their attention and made them more loyal towards the brand.

The participants in this study were asked a variety of question regarding their relationship with Red Bull and in what ways they encountered the brand. All participants admitted to having a relationship with Red Bull, but in different ways and depths. Many of the participants viewed Red Bull as a more visible brand compared to its competitors. This was an element which increased their willingness to purchase the Red Bull product. As described by Keller (1993), brand awareness is one of the initial steps for establishing brand loyalty. Red Bull is confirmed by the participants to be a brand that has succeeded in establishing brand awareness within their targeted market segment of Generation Y.

However, not every participant felt loyal towards Red Bull. All the participants associated with the brand and were highly aware of it. Traditional marketing, such as banners and TV commercials, was not perceived as the most attractive nor efficient marketing for Red Bull to use, according to the interviewees. They were not noticeable and did not come across as the memorable approach. The appealing marketing communication to the

participants, as stated previously, is Red Bull's more innovative and controversial marketing communications in various forms such as the Wings Team and their various presence on social media.

One mentioned marketing dimension was the Red Bull car. Red Bull uses a car that is distinctive and stands out. The car was brought up by the participants frequently as a unique way to increase awareness of Red Bull. It was also mentioned, that visibility of the car reminded the participants of the brand. The Red Bull Wings Team at universities was, in addition, a noticed marketing effort by the participants. By seeing the Wings Team and receiving free samples at various places around the school, the participants were exposed to the brand on a regular basis. It is clear that the majority of the participants believed that Red Bull is a highly visible brand, through their innovative marketing.

The researchers identified Red Bull's innovative social media approach to have a considerable impact on the participants' loyalty towards a brand. Mostly because of the exposure of the brand on different social media channels. Red Bull uses various online platforms for social media, the two most commonly mentioned during the interview sessions were Instagram and YouTube. Red Bull present themselves on videos and pictures which the interviewees found innovative and appealing. They thought that the most appealing marketing was associated with their events and sports. Moreover, the researchers believe that social media contributes to Generation Y developing loyalty towards the brand. As mentioned previously, Generation Y is more engaged in new technology than previous generations which also could be a contributive element (Bergh, et al., 2014).

The signaling theory is applicable when it comes to their marketing efforts (Connelly, et al., 2011). All the participants felt that they fully interpreted Red Bull's innovative marketing communication as intriguing. Through the answers provided by the participants, Red Bull have a thorough understanding of what signal is the most meaningful to their consumers. As the participants thought Red Bull was innovative, especially in their marketing efforts, the researchers made the assumption that innovation is an element that acts as a signal towards the consumers. This is a part that creates loyalty with the participants as they find Red Bull's marketing, events and sports happenings as

innovative and acts as an element that influences them to primarily choose Red Bull as a brand (Connelly, et al., 2011).

5.2 Lifestyle and Brand Image

One of the key themes that were identified as having a considerable impact on how consumers developed brand loyalty was the type of lifestyle the brand was portraying. In the case of Red Bull, their image of extreme sports and adventure was found appealing to many of the participants. As mentioned in empirical findings, several of the participants believed that their loyalty towards the brand was based on their brand image. For these participants, the product became secondary, and the image and entertainment created by Red Bull became the product of importance.

Despite not purchasing the physical product frequently, many participants still identified themselves as loyal to the brand. This type of loyalty is referred to as latent loyal and is a part of the loyalty matrix (Bertilsson & Tarnovskaya, 2017). Consumers that are latent loyal are important for the organization to identify, as there is a risk that these consumers are overlooked. Hence, the lack of frequent purchasing generates insufficient purchasing statistics for the organization (Jacoby and Kyner, 1973; Amine, 1998). The majority of the participants claimed that even if the purchases do not occur regularly, they still return to Red Bull when the need of energy drink arises.

Brand loyalty based on external factors such as marketing is frequently associated with low-involvement products. In this category, emotional conditioning is a preferred strategy, since the actual products often differ little in quality (Kroeber-Riel, 1984). This is attested by the fact that the participants believed that energy drinks had similar taste and quality. It was also further strengthened by the agreement of the participants that the image representing the brand was more valuable for them than the products.

The perceived brand image of Red Bull as a sporty and adventurous brand can also be explained in a theory by Blackston (Aaker & Biel, 1993). Blackston (1993) states that consumers tend to personalize a brand with human characteristics, which as a result evolves the brand from more than just an organization, into a brand one can develop a

relationship too. In the Red Bull case, one of the participants said that they could relate to Red Bull since they sponsor many events and snowboarders. This led to the participant building a relationship based on common interests and consuming the product during similar occasions. Another participant perceived the brand as energetic and fun, and therefore connected to the brand in social situations such as parties and nightclubs.

The importance of the portrayed brand image also became evident when the participants were asked if they would stay loyal to the brand if their marketing or product changed. The majority of the participants believed that a change in their guerrilla marketing, with the high influence of sport and adventure, would result in them feeling less loyal to the brand. Therefore, the assumption can be made that the marketing of portraying a certain lifestyle is important for consumers developing brand loyalty towards Red Bull.

5.3 Association with Social Events and Student Life

Another theme that was identified by the researchers were the associations the participants developed. The majority of the participants associated Red Bull and the consumption of their products with social events and the exam periods at the university. This indicates that Red Bull has been able to develop a marketing strategy that is appealing to students. It was not stated explicitly by the participants, however when reading between the lines, the researchers drew the assumptions that participants associated the brand with student life, which is also stated on the Red Bull can.

One observation was the lack of familiar memories the participants had of Red Bull, this results in a new type of association that might put a strain on the development of loyalty towards Red Bull. According to Olsen (1993), younger consumers often uses a brand to reconnect with their past. In the case of Red Bull, the participants stated that the brand was not a part of their childhood, which resulted in few memories that reconnects with their past. This explains why the brand is associated and consumed during the student life and why a true brand loyalty is yet to be developed.

The social events aspect was also a repetitive answer from the interviewees of the brand being associated with the drink Red Bull Vodka. Many of the participants came in contact

with the brand through clubs and bars and were introduced to the product there. Several participants claimed they consumed Red Bull mainly in those settings. This can be one of the reasons why the participants claimed that an unwilling termination of the relationship would not have a considerable impact on their life, as it exists substitutes for the energy drink.

The participants of the interviews were asked to identify their relationship to Red Bull based on the 15 relationship types in the BRQ model (see Appendix 2). The majority of the participants claimed they identified themselves with the sixth relationship type, which depicts the usage of the product in certain situations, such as social events. Despite having a relationship, the consumers within this type of relationship would not be sad if the relationship was terminated (Bertilsson & Tarnovskaya, 2017). The researchers believe this correlates with the fact that it is a low-involvement purchase and the variety of existing alternatives makes it easy switching to a competitor.

Social events and studying for exams could furthermore be described as motivational factors for the participants to purchase and consume Red Bull. This strengthen the notion of the participants being latent loyal and the difficulty of predicting their purchasing behavior. The approach of brand loyalty where motivational factors are considered to predict future consumer behavior is called upstream approach (Amine, 1998). This approach explains that consumer behavior cannot be explained solely from previous purchasing statistics. The researchers can therefore not conclude how a change in the current social events and a transition from being a student to an employee will affect the participants' loyalty.

Another crucial element of the influence of the student life is how the Wings Team influence the consumers. Half of the participants said that they often consumed the drink as a result of receiving it for free, something that occur fairly regularly at campuses in Sweden. One of the participants said that the free samples affected their purchasing behavior as they felt a lesser need of purchasing it, as they received it regularly for free. The researchers believe that the Wings Team and the free samples can either be a barrier for students to purchase the product, or for it to become an incentive for them later in life.

5.4 Low-Involvement Product

The empirical findings identified the participants' low-involvement in the product as one of the essential elements in their intentions to purchase a Red Bull product. The participants who did not feel loyal to the Red Bull brand described price to be the primary element to as why they chose a substitute brand. Red Bull is portrayed as a premium brand and obtains a relatively high price for a product that can be found in similar forms within a lower price range. This showed that premium pricing can both gain and lose customers. Several participants assumed that the price for a Red Bull was too expensive and therefore chose another cheaper brand instead. The assumption could derive from the fact that Red Bull takes a premium price for their product as they have a larger market share than their competitors. The participants' attitude towards the price, when it comes to Red Bull, could also derive from the knowledge that there are similar product on the market that can fill their need. Therefore, an assumption can be made that within a saturated market it is essential for a brand to not only compete with price, but quality as well.

Some of the participants also stated that, in the future, they would probably purchase Red Bull as they will have a more stable income compared to now. The interviewees of this study were all students and generally had limited finances. Since the price is related with a person's financial situation, one can argue that if the non-loyal participants could change their attitude in the future when their financial situation change. If they would obtain a stronger financial status, price will no longer be an element that prevents them from being loyal towards a brand. This correlates and supports the definition of brand loyalty, used in this thesis, where repetitive purchasing is not automatically correlated with brand loyalty (Jacoby & Kyner, 1973; Amine, 1998).

As mentioned above, the financial aspect was a key element to why the participants did not make repetitive purchases despite identifying themselves as loyal to the brand (Bertilsson & Tarnovskaya, 2017). According to the Brand Loyalty Matrix, this type of relationship is called latent loyalty. The consumers identify themselves as loyal, yet due to external factors does not make regular or even sporadic purchases from the brand (Bertilsson & Tarnovskaya, 2017). Thus, latent loyal customers are important to maintain as if external factors changes, their purchase behavior can change as a result. One example

of this, is the participants that claimed that if their financial situation would change, they would purchase more regularly from the brand. The assumption can therefore be made that the participants, that fit the latent loyalty description, can in the future further develop and strengthen their loyalty to the brand.

During the collection of empirical data, the researchers of this thesis identified that Red Bull was depicted by all of the participants as a low-involvement purchase, they put little to no effort into research before the purchase (Bertilsson & Tarnovskaya, 2017; Mathew, et al., 2014). The low-involvement purchasing decision aspect is important to connect to the financial aspect of the results from the interviews. The majority of the interviewees identified price as one of the reasons they sometimes switch to other brands than Red Bull. Consumers with low-involvement purchasing decisions are often characterized by switching between brands easier and more often (Quester & Lim, 2003).

As an argument to the prior claims, of low-involvement purchasing decisions is often characterized by switching between brand (Quester & Lim, 2003), several participants believed that low-involvement decisions needed less considerations and therefore became habitual. This type of so called inertia repurchasing, is different from true brand loyalty, as they are more adaptable to external factors but are not dedicated to the actual brand (Jacoby & Kyner, 1973).

As mentioned in the frame of reference, establishing credibility is very important in order to develop a strong customer relationship with low-involvement decision making consumers (Mathew, et al., 2014). The researchers of this thesis believe that by using innovative marketing strategies can aid the development of credibility. During the interviews the participants explained that if Red Bull where to change their appeal and marketing, the brand's trustworthiness and credibility would disappear. Therefore, as a result the participants would switch from Red Bull to one of their competitors. The researcher therefore conclude that innovative marketing, used by Red Bull, is one of their key sources of building credibility, and as a result, establishing brand loyal customers.

6. Conclusion

In this section, the answer to the research question will be presented. Also, the purpose of the thesis will be carried out from the empirical findings and the analysis which will conclude the whole research.

The purpose of this qualitative study was to get an insight into how Generation Y perceives a brand's innovation efforts. Further, how innovativeness influences consumers' loyalty towards a brand. The study was implemented through an investigation of the brand Red Bull, due to the brand's high relevance to consumers of Generation Y, and their reputation for being an innovative brand.

One finding, identified from this study, is the importance of marketing innovation in saturated markets. As a saturated market is fiercely competitive, it is essential to find strategies to stand out from competitors. Marketing innovation was seen as a key reason for establishing brand loyalty or latent loyalty within the saturated market of energy drinks. The study showed evidence supporting that traditional marketing channels were non-efficient for consumers of Generation Y, and had little influence on their brand relationships. As a result, most interviewees of this study described their relationship with Red Bull as strong due to their bold marketing approaches and identified themselves with the portrayed lifestyle. This study further found that the regularity of exposure had a great impact on the brand awareness and as a result, the brand loyalty increased.

The study also identified that product innovation within industries of low-involvement products did not influence the consumers when establishing brand loyalty. A development or change in the actual product had low impact in terms of why the consumers purchased the Red Bull product. This was due to product innovation in a saturated market, in this case energy drinks, not being perceived as different and unique enough to be exciting, and therefore not a basis to build loyalty from. If the researchers had investigated a saturated market within an industry of high-involvement products, the result may have differed.

A conclusion can be drawn that in the saturated market of energy drinks the loyalty is dependent on what stage in life the consumers are in. As this study interviewed students

within Generation Y, the association of student life and social events became evident among the participants. The researchers can therefore draw the conclusion that being a student influences the type of loyalty one develops in the energy drink industry.

7. Discussion

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In this section, a limitation part will be presented which will introduce the reader to restrictions in the thesis. A discussion on contributions of the findings will further be outlined for the reader to attain knowledge on what this research can further help with. Moreover, it will also introduce the reader with advice on further research within the field that will provide guidance future researchers on possible topics.

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7.1 Limitations

This was a qualitative study conducted through the use of semi-structured interviews. A limitation mentioned in the methodology was the time constraint. The study was restricted in terms of time and therefore followed a cross-sectional approach, which limited the possibility of gathering larger samples.

The samples were selected through the non-probability sampling technique; purposive sampling, where judgment was used to select participants that meet the objectives of this thesis the most. The participants were in the age-range of 22-24 years old. Generation Y's age range in this study is between 18-34 years old, the findings could therefore be limited as the interviewed participants only represent a small portion of the generation. With a more generous time frame, a larger sample could have been collected. Location was another limitation caused by the time restriction. This study was carried out at Jönköping University and therefore the sampling was simplified by selecting participants from that area. With more given time, the geography could have been broadened.

Moreover, the result could be biased as the researchers were acquainted with most of the participants. One should therefore take into consideration that researchers and participants' biases could be an issue when defining and interpreting the collected data. Additionally, the researchers did not test the interviews beforehand, in a so-called pilot interview. This could have been beneficial when shaping the interview guide. From a pilot interview, feedback could have been received and there would have been room for improvements.

7.2 Contribution

The relationship between brand loyalty and innovation is a relatively unexplored field of academic research. This qualitative study built upon concepts such as brand loyalty (Jacoby and Kyner, 1973; Amine, 1998; Keller, 1993; Bertilsson & Tarnovskaya, 2017; Olsen, 1993), product and marketing innovation (Lin & Chen, 2007; Naidoo, 2010; Kroeber-Riel, 1984; Utterback & Abernathy, 2003; Garcia & Calantone, 2002; Verganti, 2008), and low involvement products (Quester & Lim, 2003; Mathew, et al., 2014), to get an understanding of the relationship between these concepts. In addition to the concepts, the BRQ model (Bertilsson & Tarnovskaya, 2017), the brand loyalty matrix (Bertilsson & Tarnovskaya, 2017), and the signaling theory (Connelly, et al., 2011; Shams, et al., 2015), were used to develop a further understanding of how innovation influence brand loyalty among Generation Y.

The researchers believe that the application of the brand loyalty matrix (Bertilsson & Tarnovskaya, 2017), and the discovery of consumers identifying themselves as latent loyal, will provide a deeper understanding for managers of the concept latent loyalty and the consumer behavior of it. The knowledge of latent loyal consumers will help organizations' to identify loyal consumers that may not be in the statistics due to low frequency of purchases. It will also provide companies with an understanding of how to reach these consumers in Generation Y and what they value.

The discovery of the importance of marketing innovation in saturated markets will build upon the theories of (Lin & Chen, 2007; Naidoo, 2010; Kroeber-Riel, 1984) and provide a further understanding of how marketing efforts are perceived. In addition it will help organizations with low-involvement products, on where their efforts are spent most efficiently. As there previously has been a gap in current research of the effect of innovation on brand loyalty, the researchers conclude that marketing innovation is believed to have an impact on development of brand loyalty in low involvement products.

The researchers made the conclusion that in saturated markets of low-involvement products, brands should focus their efforts on marketing innovation rather than product innovation, when developing brand loyalty among customers. Companies and researchers

can use this study as a foundation to further investigate the specific types of marketing techniques that are suitable for Generation Y. The signaling theory can be applied by companies when analyzing the type of signals they send out and how this is perceived by their customers.

7.3 Further Research

After conducting the study on innovation and its influence on brand loyalty, several suggestions for further research were identified. One suggestion for future research is to study solely the product innovations influence on Generation Y. The study identified that product innovation had an impact, despite that marketing innovation played a larger role. Therefore, it would be of relevance to continue the research with more emphasis on product innovation.

This thesis studied the saturated market of a low-involvement product. The researchers believe the results would have differed substantially if the investigated brand had high-involvement product. An example of this would be to look into how the technology industry applies innovation in order to develop brand loyalty among consumers.

Further, this study established a foundation of the topic from a qualitative viewpoint. By conducting a quantitative study on Generation Y perceptions of product-, marketing-, and brand innovativeness, it could provide a greater understanding of Generation Y's thoughts and perception of how it influences them.

A further research suggestion would be to include a larger age-span of Generation Y participants. Alternatively to investigate the differences within Generation Y, as the group is relatively large, to see if there are contrasting perceptions on the topic. There is also room for further research to study the comparison of Generation Y with a previous group, such as Generation X.

Lastly, further research could include a discussion on the difference between innovation and creativity and how this applies to innovation and loyalty. If future researchers focus more on creativity within a brand instead and compare it to innovation, a broader finding and analysis can be found in how participants perceive brands innovation efforts.

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Appendix A – Interview Guide

Introduction

This interview will discuss how Generation Y experiences a brand when they innovate and how this leads to brand loyalty. We are going to concentrate on elements that should be considered when looking at the relationship between brand loyalty and brand innovativeness in the eyes of Generation Y (you). We will start by asking some general questions about you and then continue to ask more about your brand loyalty and your attitude towards brand innovation. We want to understand how innovativeness leads to either a stronger or weaker bond, or if you believe it does not affect you. The purpose with our thesis is to explore Generation Y's experiences towards Red Bull as a brand and their attitudes when they innovate.

General Questions about you:

Tell us a bit about yourself, who you are and your background

- What is your name?
- Where are you from?
- How old are you?
- What is your occupation?
- Favorite energy drink?

General questions about brand loyalty:

- How would you define brand loyalty?
- How important are brands to you?
- Anyone in specific?
- Which brands would you say you are most loyal to? Why?
- What qualities would you say is most important for you to develop loyalty towards a brand?
- Would you say your brand loyalty differs depending on the industry? (Include if participant misunderstand the question → e.g. loyalty requirements for a clothing brand is different from a smartphone brand).

General questions about brand innovativeness:

- What do you know about brand innovativeness?
- Do you believe innovation by a brand has a big impact on you?
  If yes → How come?
  If no → Why?
- What brands are you aware of that uses a lot of new innovations?
- Is there something special that makes you aware of this?

Energy Drinks

- What comes to your mind when we say energy drinks?
- How did you get the knowledge about this brand?
  Do you remember the first time?
- Tell us about your energy drink consumption
- How often do you purchase energy drinks?
  Why?
- Is there something special that catches your eye when buying a new energy drink?
- How influenced are you by external factors, such as price and convenience, when purchasing a product?
- How influenced are you by the product attributes?
- Beyond the attributes of the specific product, what is it that make you purchase a product?
- How influenced by marketing regarding the product would you say you are?

Red Bull

- How do you feel towards Red Bull?
- Have you ever bought a Red Bull?
  → Why?

- Can you explain how your relationship to Red Bull started? Do you have any memories from a campaign or similar that made you initiate the relationship to the brand?

- Would you say that you are loyal towards Red Bull?

  If yes → in what way does Red Bull make you loyal?

  If no → is it something special that makes you feel disloyal?

- BRQ model: Which of these dimensions would you say describes your relationship to Red Bull? (Partner Quality, Intimacy, Behavioral Interdependence, Personal Commitment, Self-Concept Connection and Love/Passion)

  → Paper with information

- What do you know about Red Bull as a brand and what they do?

- What do you think of all the different events/innovation Red Bull do?

  Participant not knowing about this: Tell the participant on different events and innovations Red Bull conducts.

- How would you evaluate their new products and events?

  Participant not knowing about this: What do you think Red Bull can do to make you more aware and gaining more knowledge about the brand?

- Could you say that Red Bull is an innovative brand or not?

- (BRQ model: Which of these would you describe your relationship to Red Bull?

- If Red Bull would change their appeal/ marketing/ values etc. how would it affect your view of them?

Appendix B - BRQ Model

BRQ model dimensions for participants to choose from:

Love/Passion

Self-Connection

Interdependence

Commitment

Intimacy

Partner Quality

15 different types of consumer-brand relationships

1- Arranged marriages

Definition: Non-voluntary relation imposed by third party preferences

2 - Causal friends/buddies

Definition: Friendship low in intimacy, sporadic engagement and few expectations

3 - Marriages of convenience

Definition: Long-term, committed relationship precipitated by environmental influence.

4 - Committed partnerships

Definition: Long-term, voluntarily imposed, high intimacy, love, trust and a commitment to stay together despite adverse circumstances.

5 - Best friendships

Definition: Ensured through continual rewards, symbolized by revelation of honesty and intimacy, common personal interests.

6 - Compartmentalized friendship

Definition: Situationally confined, highly specialized enduring friendships symbolized by lower intimacy than other friendships, easy entry and exit.

7 - Kinships

Definition: Non-voluntary union with lineage ties.

8 - Rebounds/avoidance driven relationships

Definition: Relationship precipitated by desire to move away from prior available partner.

9 - Childhood friendships

Definition: Infrequently engaged, gives comfort and security of past self.

Appendix C – Brand Loyalty Matrix