



## CUSTOMER MANUFACTURING GROUP

Is the loyalty you perceive that your customers have really only "rented?"

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As with many things in business, the brand marketer has to determine the value trade-off between multiple courses of action.

# BRAND INSISTENCE VS. BRAND LOYALTY

## IT'S MORE THAN SYMANTICS

**B**rand loyalty: The illusive nirvana for brand marketers. How do you achieve it? Can you know it if you have it? How do you keep it? While this paper is not long enough to answer all of those questions (assuming it is even possible), it does take a look at an important issue in terms of achieving true brand value. While it may be difficult to determine if you have achieved true, valuable brand loyalty, it is not impossible. For a higher probability of success, we suggest an alternative focus.

For some time pundits have suggested that marketers should strive for brand loyalty in order to achieve higher brand profitability and brand "value." The reasoning behind this suggestion is the belief that satisfied customers leave (which is true), but loyal customers are not likely to be moved to a competitive product or service.

While this second statement may be suspect, loyalty and brand profitability have been positively linked. So given that brand loyalty is profitable, how do you achieve it? How do you know if you have achieved it? And, is brand loyalty sufficient?

The Random House dictionary defines loyal as: "faithful to one's allegiance." Since "faithfulness" can be difficult to measure, in an effort to more easily measure "loyalty," some marketing practitioners have attempted to equate purchase persistence<sup>1</sup> with brand loyalty. This equivalence (despite dictionary differences) may or may not be true, and will be discussed later in this article.

The value of using persistence as the measurement (assuming it can be equated with loyalty) is that the purchase behavior from persistence is quantifiable. Alternatively, if persistence cannot be equated to loyalty, then, since the above Random House definition of loyalty is clearly

attitudinal, loyalty is possibly more difficult to measure.

Loyalty, Insistence and Persistence

To further complicate matters, recently, some practitioners have begun using the term brand insistence to substitute for brand loyalty. Are the two concepts identical? Could insistence substitute for persistence and then for loyalty? We think not.

While insistence and persistence are not necessarily the same thing, loyalty and insistence are also not the same. In fact, we argue that loyal customers may be less active and engaged with the brand than insistent customers are. The importance of this distinction will be made clear.

Again, the Random House Dictionary defines the verb insist: "to be emphatic, firm or resolute on some matter or to persist in demanding". To be brand insistent is therefore to be "emphatic in demanding a specific brand." Being faithful (loyal) while not necessarily passive can clearly be just a passive exercise.

For example, "If they don't have my brand, I'll do without." Being insistent is active: "If they don't have my brand, I'll demand they get it, may search elsewhere, but I will take overt action to get what I insist upon." To be insistent implies that I will persist in demanding you provide the

<sup>1</sup>The same Random House dictionary defines persistence as: "to continue steadfastly or often annoyingly, especially in spite of opposition"

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| <p>brand I want, and/or I will shop elsewhere, and I will not buy anything else in the mean time.</p> <p>This could also imply that persistence and insistence are potentially identical. As will be shown shortly, persistence is necessary but not sufficient to create insistence. This difference is critically important. Persistent behavior on the part of brand buyers can be acquired without brand loyalty or insistence. And that is a critical profitability difference.</p> <p>This may all seem an exercise in splitting hairs over "definitions." However, we believe that there are critical and important differences in customer behavior and brand profitability as a result of what may appear to be quibbling over definitions.</p> <p>One of the complications to finding actionable value in all of this is determining what it is customers are loyal to or insistent upon. Some marketers believe they can "buy" loyalty. We suggest that in reality an attempt to buy loyalty really only results in that "loyalty" being rented. That is, it is fleeting.</p> <p>Is the loyalty you perceive that your customers have really only "rented" (persistent purchase behavior induced by coupons, specials, or frequent buyer programs which ceases when the "rental payments" cease for example), or is it truly persistent based on inherent "values" contained within the brand to which the customers are loyal or insistent?</p> <p>It is unlikely that insistence can be "rented" at an economically reasonable</p> | <p>cost. Perhaps another way of looking at this is to consider that an insistent customer virtually always buys your brand (even if it means going out of their way). A merely loyal customer won't necessarily act that way. Further, if their loyalty was simply "rented," customers may, in fact, appear to have switched allegiance away from your brand and become "loyal" to another simply based on another brand's temporary "purchase" (rental) of what appears to be the customer's loyalty.</p> <p>In truth no one has earned the customer's loyalty, much less insistence. The apparent loyalty is simply being "rented" by the "high-bidder." Thus measuring persistent purchase behavior alone is insufficient to determine if earned loyalty or insistence was the driver of the observed behavior.</p> <p>If you want to create sustainable loyalty or insistence that is not based on "rental" fees then you have to understand what creates loyalty or insistence to a product or service and the brand that represents it. If there were an easy answer to gaining that understanding there would be a lot fewer products and virtually no "me too" products. That being said, while the answer is not easy, it is known. To understand how brand insistence can be created, we need to review some basic elements of brand affinity.</p> <p>Understanding Brand Affinity<br/>Let's start with a brief definition of brand. There are many books on brands and branding. Branding is a set of tactics to create brand awareness,</p> | <p>reinforce brand positioning and build brand relationships. A "brand" itself is the shorthand mind-trigger that helps the prospective customer know, and the returning customer remember, what it is they are buying from your brand (product/service) that they are unable (or believe they are unable) to buy elsewhere.</p> <p>Only the customer, though influenced by the producer and channel partner(s), measures a brand's value. A brand is a 'promise to meet a set of expectations.' Brand value to a customer may be positive or negative, and branding can be used to minimize the negative or accentuate the positive. (Try to convince an Apple user that Windows is worthy!)<sup>2</sup></p> <p>Brands move through levels of attachment or affinity with customers. Branding programs, as described above are designed to facilitate that movement. The first of these levels is brand recognition or brand awareness. At this stage the customer is simply aware of your brand and has no particular affinity. Until you have reached at least this first stage of awareness, your brand is irrelevant ... regardless of its potential value.</p> <p>How that first stage is reached varies by category and whether it is a business-to-business brand or a business-to-consumer brand. However, it should be clear that in any case without at least recognition or awareness, the customer couldn't possibly become loyal or insistent. However, it is equally clear that recognition or awareness while necessary for loyalty or insistence is insufficient.</p> <p>Additionally, the customer may become fully aware of and recognize a</p> |
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<sup>2</sup> For additional insight into the important difference between brands and branding the reader is referred to *Brands vs. Branding* (a Customer Manufacturing Group white paper available at [www.customermfg.com](http://www.customermfg.com))

brand that then evokes a negative response for that customer. That is, they are aware of the brand and reject it as representing a product or service they could want to buy or use. Whether this recognition and awareness is positive or negative and how to manage that result is beyond the scope of this article. For the time being we will assume that the customer has recognition/awareness and this results in a favorable response.

From the "that seems obvious department," brand equity research firms have found that first recall awareness correlates to brand preference and brand loyalty. Well actually they have found the converse to be true. That is, lack of "first recall awareness" correlates to a lack of brand preference and brand loyalty. In other words, if someone doesn't mention the brand first, they are probably not brand loyal. That does not imply that if they do mention it first they are brand loyal however.

Some practitioners consider the next step (or level) of attachment or affinity to be brand comprehension. That is, they further refine awareness to a "next level" that assumes customer understanding of the brand which goes beyond just being "aware" of the brand. This may be a refinement that is unnecessary as once a person is aware of something they form an opinion of it. That opinion may or may not be the opinion desired by the brand creator, and the customer may not correctly understand the brand's "position." While true, those issues are also beyond the scope of this article.

If, and that's a big question, the customer moves beyond brand awareness (recognition and comprehension), then the next step or

level is brand preference. As the phrase implies, the customer has a "preference" for the brand. However, preference is defined (again by Random House) as: "the act of preferring" (that was helpful). Prefer is defined as: "to like better." But how much better? Unknown, and there's the issue.

Preference is certainly better than awareness (recognition and comprehension), but insufficient to result in loyalty and/or insistence. Preference won't get you shelf space for your product if you are a small supplier. Preference alone probably won't get the customer to go very far out of their way to buy your product or service. For that you need loyalty or maybe even insistence. So how do you move from weak preference to strong preference, which can then become loyalty and/or insistence?

Achieving Brand Loyalty

Brand loyalty is defined as someone who is faithful to one's brand allegiance. This level of brand attachment or affinity is highly desirable, but as described previously, can be hard to measure. Using persistence as the measure can mislead, as this behavior can appear to be loyalty, which has in fact only been "rented." True loyalty is an attitude. Attempting to measure attitudes solely by observed behavior has known deficiencies, and measuring attitudes is also subject to biases that measures of behavior are not.

Historically, some brand experts have suggested that migration from awareness to preference to (true) loyalty occurs based on the creation of a brand personality. Brand personality is defined as the result of four dimensions:

1. Brand knowledge
2. Brand relevance
3. Brand differentiation
4. Brand esteem

The more effective a company is at each of these dimensions, the more "brand personality" and the higher the likelihood of brand preference and then brand loyalty. However, despite their apparent usefulness, these four dimensions have proven insufficient to predict or drive brand insistence.

Another approach that seems to help understand customer behavior regarding brand loyalty and insistence is the work done by experts who look at customer brand involvement as a combination of involvement and emotional content.

An understanding of customer behavior finds that insistence for brands will vary based on either the brand's personality or the brand's reflection of the buyer's personality. There is an important distinction between identification with a brand and a belief that the brand identifies with you.

Similarly, low involvement purchases may not lead themselves to insistent (or even loyal) behavior. That being said, for a given product or service, do some customer groups view a brand with low involvement while another group could view the same brand with high involvement? Sometimes, but probably not often.

To be clear, different groups of customers will have varying degrees of involvement with a category. But those groups can be classified by their involvement across the entire category not just by brand. For example, for some pet owners, pet food purchase is

a low-involvement activity. What's on sale is what is bought. If a particular brand is on special often enough, these low-involvement customers can appear to have brand loyalty. In reality there is no involvement going on, other than to save money.

Conversely, a high-involvement pet owner could spend significant time researching the best possible brand for their pet. Or they could become convinced (perhaps by branding) that their pet has a high-involvement with its pet food and therefore a caring owner should too.

So a high involvement pet owner may buy the same brand as the low involvement owner, but for different reasons. The high involvement customer is unlikely to switch brands based on price. So, simply watching in-store behavior may or may not reveal the issues involved without additional insight.

Measuring Loyalty

To further support the contention that measuring attitudinal issues such as loyalty are difficult, we turn to work done by Gallup Research. Recent studies by Gallup Research have found that companies often define customer loyalty incorrectly. This leads to erroneous and unprofitable actions by those companies.

These Gallup studies also corroborate earlier research, which found that attempting to define customer loyalty solely by customer repeat purchase behavior is misleading. Often, repeat purchase behavior is not the result of loyalty, but rather bribery (as described above in the pet food example). Offers of gifts, discounts or other purchase rewards are actually the purchase motivator ... not loyalty or insistence.

For example, frequent buyer programs do not create loyalty ... they merely condition buyer's behavior. That behavior quickly changes when a better premium comes along. Meaning that no loyalty was built ... and therefore no increase in brand equity!

Consider the fact that most airlines will "comp" your status in their program for the first year to equal that of the program you are leaving. In other words they will "match the bribe" if you will "move your loyalty." The sad truth is that numerous research studies have found that bribery-based loyalty is in fact not loyalty, and further it has been shown to reduce actual loyalty both behaviorally and attitudinally.

Measures of loyalty based solely on purchase behavior are often misleading because the company can't differentiate between customers who are brand loyal and those with no real commitment.

The uncommitted appear loyal so long as the bribes continue. Alternatively, the bribes may stop and purchase behavior may continue out of habit, but only until an alternative brand offers a purchase incentive. This is not building brand loyalty, but rather disguising a "discount program" as brand building. It is in fact brand "un-building."

Companies have previously attempted to measure customer loyalty based on customer satisfaction scores. However, research by several organizations has found, consistently, that satisfied customers leave ... often. Several experts suggest that the key to brand loyalty and/or insistence is "emotional attachment" to the brand. Assuming that is correct, how would

you measure "emotional attachment" (which is clearly attitudinal)? High involvement, as discussed above, is probably necessary for "emotional attachment," but it is insufficient.

Emotional Attachment

The Gallup organization recommends measuring important emotional bonds they call Confidence, Integrity, Pride and Passion. We believe that these measures may have initially been focused on business-to-consumer purchase. However, in our experience similar, if not identical, measures of emotional bonds can be found in business-to-business. Witness the rise of "cool design" industrial products. If functionality is the only issue, why spend money on a "cool design" for a piece of equipment to be used in a

laboratory or on a manufacturing floor. Our answer, because these items are bought by people who have emotions.

Does emotional attachment correlate to higher value? Again, using Gallup studies, it has been shown that, across a broad spectrum of business types, so called "extremely

satisfied customers" and those who were not extremely satisfied spent about the same amount of money with the supplier. However, if the additional factor of "emotional attachment" was added, then extremely satisfied customers who had strong emotional attachment were substantially more profitable. Could emotional attachment be a proxy for loyal and/or insistent? Perhaps.

COMPANIES HAVE PREVIOUSLY ATTEMPTED TO MEASURE CUSTOMER LOYALTY BASED ON CUSTOMER SATISFACTION SCORES.

<sup>3</sup> Mr. Reichheld is a director emeritus with Bain and Company. His research was reported in the December 2003 *Harvard Business Review*.

Reinforcing the Gallup research is a recently released 6-year study by Frederick Reichheld<sup>3</sup>. His research found a direct correlation between relative growth rate and customer loyalty measured in a unique way. Reichheld's research found that calculating and comparing what he referred to as "Net Promoters" was a predictor of relative growth.

Net Promoters are calculated by asking customers on a scale of 0-10 how likely they are to recommend the brand to a friend or colleague. Net Promoters are defined as the percentage of respondents who have a score of 9/10, minus the percentage of responders who have a score of 0-6. Reichheld cites eBay and Amazon.com as having Net Promoter scores of greater than 75%.

Understanding emotional attachment can help explain what appears to be "unexplained behavior." Examples of emotional attachment that correlate to unexplained behavior can be seen in such cases as the failure of New Coke.

The Coca Cola Company had ample research that "proved" that New Coke tasted better than Classic Coke to a majority of cola drinkers. This "proof" prompted them to reformulate Coca Cola and announce this improved new product. Imagine their shock when the new product was received with a resounding rejection.

They had failed to recognize that their core customers were loyal and insistent due to an emotional attachment to Coca Cola. If you change the formula, it is no longer Coca Cola ... thus breaking the emotional bond, even if the new product "tasted better."

Assuming emotional attachment is measurable (either using the Gallup scale or others), and emotional attachment is a proxy for loyalty and insistence, then the next question is how is emotional attachment created? Why do people tattoo the Harley Davidson logo on their bodies? Why will a Vernor's insistent loyalist drive 100 miles in his pick-up truck to get to the nearest Vernor's retailer rather than settle for another brand of ginger ale? Like everything else in business it starts with an understanding of the customer.

Creating Brand Insistence

It falls back to the fundamental job of Marketing and that is to understand *What* the customer believes they can buy from your "brand" that they don't believe they can buy from any other product or service. It is simply remembering that the core job of Marketing cannot be done without "thinking like a customer."

Some experts state that emotional attachment to brands across whatever spectrum you choose to measure occur with people because:

1. The brand stands for something that is important to them
2. The brand connects with them on multiple levels across several senses
3. The brand is (or at least appears to be) unique
4. The brand is admirable
5. The brand interacts with them and does not disappoint them
6. The brand makes them feel good

If you consider these six items in the frames of involvement and emotional context they are simple ways

to identify and enhance involvement and emotional attachment. Clearly, how these attachments are achieved in a business-to-business environment will be different than in a business-to-consumer environment, but they are no less necessary.

If we cycle back to an earlier concept, "brand personality," it becomes clearer that emotional attachment to a brand personality can be understood and appreciated. So the key to brand loyalty and insistence is to understand whom you are trying to attract with your brand (your *Who*); *What* they are needing and wanting to buy, and then create a brand personality that they can form an emotional attachment to, and voila. . . you will achieve brand loyalty and insistence. Assuming you don't screw it up by messing with success, you will reap the benefits that come from a group of customers whose loyalty includes an insistence for your brand.

Brand Value

A key question not yet addressed in this article is whether there are enough of those customers to create a profitable, sustainable business. It is likely that certain niche brands have the same (or even a greater) number of insistent customers than a more broad market brand. It also seems clear that the more focused a brand is on a particular *Who*, the more likely it will be able to create that focused "brand personality" that achieves emotional attachment.

Whether that can translate to a broad market is situational. Perhaps too often brands that have insistence with a high percentage of their total customer base, trade off that insistence for a

larger base of less insistent (maybe not even loyal) customers in the belief that more is better.

An example of this can be seen with Snapple. The founders and creators of Snapple projected a belief (whether they actually held it or not is a subject of debate) that Snapple could be a "huge" product. Maybe even the "next Coke." They caused this belief to be shared by Quaker Oats who then purchased Snapple for a very high multiple. Acting on this belief, Quaker Oats almost ruined the brand by attempting to broaden its appeal to a wider audience and losing its most loyal and insistent customers who no longer felt the same emotional attachment to the brand.

If not checked, this behavior can be catastrophic. In the same vein of "becoming the next Coke," let's review the example of when Dr. Pepper (formerly the #1 soft drink in Texas and a brand with an arguably high percentage of insistent customers) attempted to become the #1 soft drink brand in the United States. That lunacy cost management their jobs and caused the company to enter Chapter 11. While Dr. Pepper eventually recovered, it lost significant brand value along the way.

As with many things in business, the brand marketer has to determine the value trade-off between multiple courses of action. In an attempt to expand the served available market you may destroy (or substantially diminish) the emotional attachment of your most insistent customers. If you lose that insistence and the brand equity derived there from, will your perceived "larger market" of less attached customers be as profitable?

Final Thoughts

While still not as easy to measure as you might prefer, clearly brand insistence is the goal. Developing high emotional attachment between your customers and your brand is the way to achieve that goal. However, in your zeal to prove brand insistence, recognize that the shortcut of increasing purchase persistence does not necessarily create brand insistence and in fact is likely to do the opposite. If your goal is to build long-term brand equity, there is no substitute for true brand insistence.

More Information

If you would like more information about how to apply a process to improve your marketing/sales function, simply contact us and we'd be happy to help you get started. From sweeping marketing/sales management process strategies to specific branding or product launch services, Customer Manufacturing Group can help.

Detailed information on our services and a number of Special Reports and cassette tapes are also available.

If you'd like to learn more about Customer Manufacturing Group, or for a complimentary subscription to *Customer Manufacturing Updates*, give us a call at (800) 947-0140, fax us at (408) 727-3949, visit our website at [www.customermanufacturing.com](http://www.customermanufacturing.com), or e-mail us at [info@customerfmfg.com](mailto:info@customerfmfg.com).

We have offices in major cities in the United States, and our experts travel extensively throughout the world. If you'd like to schedule a meeting when we're in your area, just let us know.