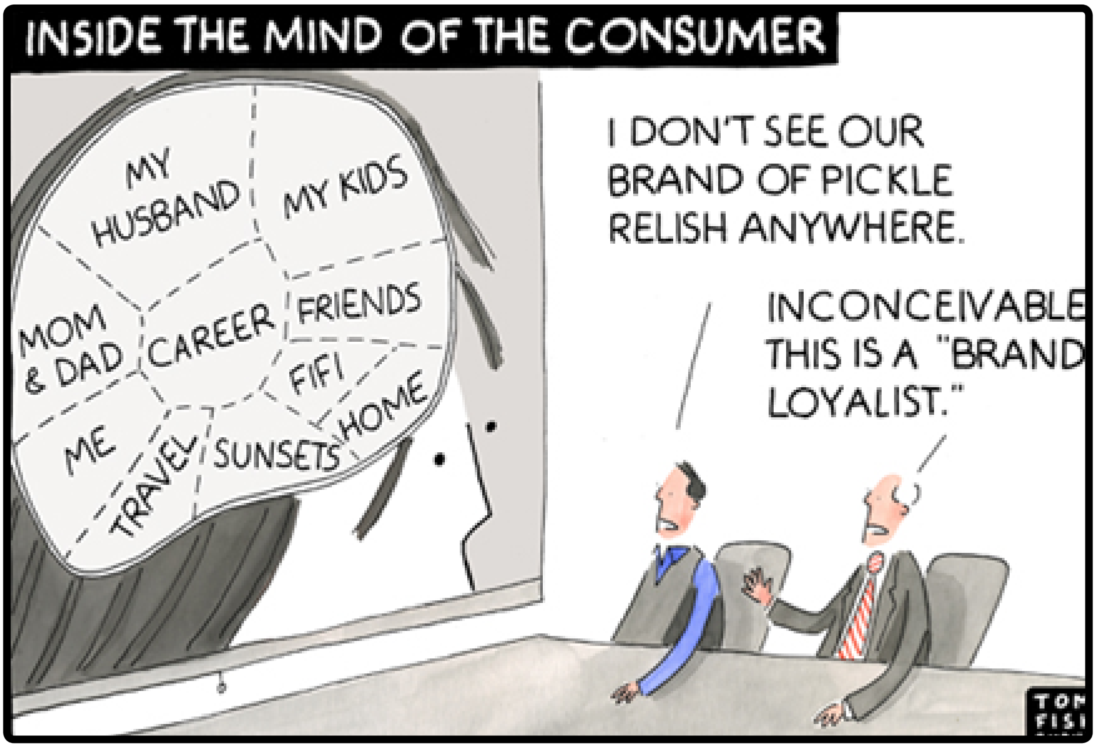
I BELIEVE THAT THE FUTURE OF BRANDS LIES IN MAKING LOVING FUN

by James Boardman

Marketing's debate about loyalty is fundamentally flawed. Therefore a total reframing of what loyalty actually is and a better understanding of what it can do for businesses is critical.



Loyalty to brands is a lot like loyalty to bands. Bands would love to believe that they are the favourite above all others. Every Bono pronouncement, every John Mayer break-up, every Justin Bieber misdeed will be embraced or forgiven because "the Beliebers" or "Directioners" will forgive anything in their devotion. But, that's just not how the majority of music fans see it. Sometimes I'll settle down with a beer and Bruce, sometimes it's my running shoes and Girls Aloud, sometimes its fine wine and Ryan (Ryan, not Bryan) Adams. However whilst it might suit John Mayer's ego to see me as a loyal fan, actually most people like lots of different music at different times. They try new things out, rediscover old classics and exhibit every degree of loyalty in between.

Brands are not really all that different. Yet, when it comes to looking at things from a consumer's point of view, brand managers and their agencies go all Justin Bieber on us and start acting as if "loyalty" is a fixed thing that can be nurtured, grown, measured and used to set objectives against. And, yes, taken for granted. As I will demonstrate, loyalty is much more complex than that, so much so that it might even be time to jettison the word altogether. Having unpicked this complexity I'll then attempt to deliver some solutions.

Part 1: The problem with Loyalty
Baby, I need your loving[1]

What is loyalty?

The concept of loyalty sits at the heart of the marketing industry. The idea that people, through rational experience and emotional connection weld themselves to particular brands is a very powerful one. The pursuit of loyalty has spawned countless strategies, initiatives and campaigns. People who are loyal to brands are supposed to be the bedrock, the foundation of companies. These customers who will forgive the odd stumble by a brand and keep coming back time-after-time are supposed to ensure survival in a competitive world.

Unfortunately the idea that there exists a safety blanket of loyalty which protects great brands is wrong. It is misguided and ignores some worrying truths at the heart of brands' customer bases.

One of the greatest mistakes marketers have made is to think about loyalty as a monolithic construct, a binary state of either being loyal or not. Research by academics such as Byron Sharp and Andrew Ehrenburg has begun to open our eyes to the more complex nature of loyalty, but I believe we should be going even further.

It is possible to frame loyalty in numerous ways. I can think of at least 6, all touched on or at least alluded to by Sharp and Kahnemann.[2]

First of all is the overarching concept of loyalty:

1. **Surface Loyalty:** the act of repurchasing.

But then there are numerous subsets, all of which have to varying degrees received some attention:

2. **Instinctive Loyalty:** tunnel vision loyalty where only one brand is considered.

3. **Powerful loyalty:** a strong likelihood to repurchase but with other brands used as benchmarks or reference points.

4**. Polygamous loyalty:** active consideration of (and over time purchase of) multiple brands.

5. **Inert loyalty:** repeat buying driven by lack of interest and apathy.

6. **Safety-first loyalty:** loyalty driven by a fear of losing what you already have – loss aversion. A desire to change but "chickening" out at the last minute.[3]

Historically, the marketing industry has been seduced too often by Surface Loyalty. Surface Loyalty is attractive in many ways. It is easily quantifiable for one thing. It is easy to set metrics against –"reducing churn rate", "encouraging repeat purchase", "deliver greater returns from existing customers" are all marvelously measurable and can be turned into lovely neat SMART objectives.

The problem is that this makes a very flawed assumption about loyalty. "Surface Loyalty" looks at loyalty from a purely rational perspective – did someone repurchase or not. To nurture loyalty, to encourage it, to use communications to create it, we need to fully understand the other types of loyalty. If we can do that, we'll understand our consumers better, bring them back to brands more often, know how to use their loyalty to encourage others and, most importantly of all, we'll know when it is time to risk letting them go by trying something new.

Love in the first degree[4]

A tender devotion to Surface Loyalty... and why it leads us astray

You can see why, from an emotional perspective, the analysis of surface loyalty looks appealing. It tends to deliver some rather large numbers which makes marketers and their agencies feel good about themselves. In How Brands Grow Byron Sharp unearthed a retention rate of between 33% and 53% within the car market and this is borne out by analysis of a set of data from Germany, collected in mid-2013.

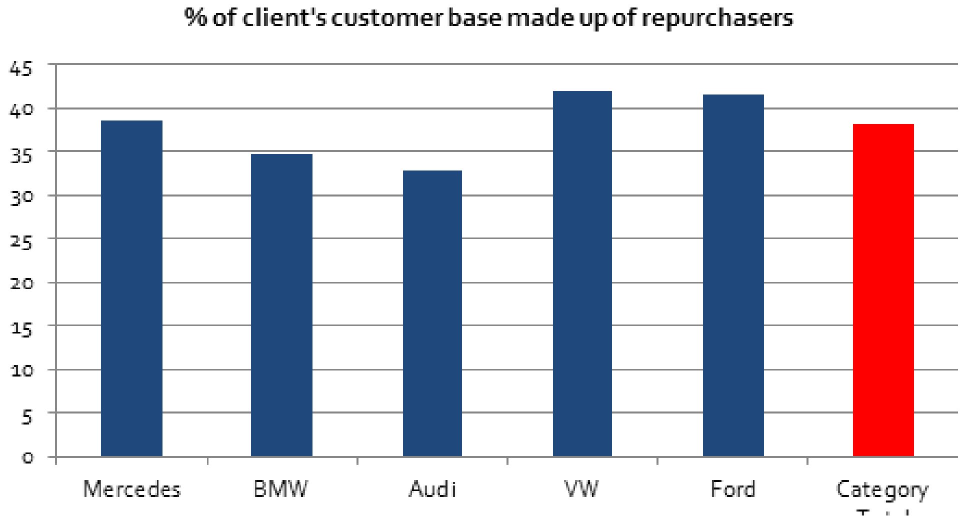


Figure 1. Car Category - Germany [5]

So far, so good. All of Sharp's rules appear to be coming true:

1. The brand with the biggest share of the market – VW – has the highest level of loyalty.

2. Two brands have managed to eke out a fraction more loyalty than their market share would suggest – Mercedes and Ford – but certainly not to the extent that they dramatically outpace their competitors. Following Sharp one would conclude therefore that it is rare for a brand to deviate from the category norm when it comes to inspiring loyalty and we should probably focus on recruiting new customers instead. Right? Not quite.

The challenge with drawing conclusions like this is that repeat purchasing in this category is actually much more complicated than this. If we look at the different types of loyalty as a percentage of all loyalty, we see a much more complex picture:

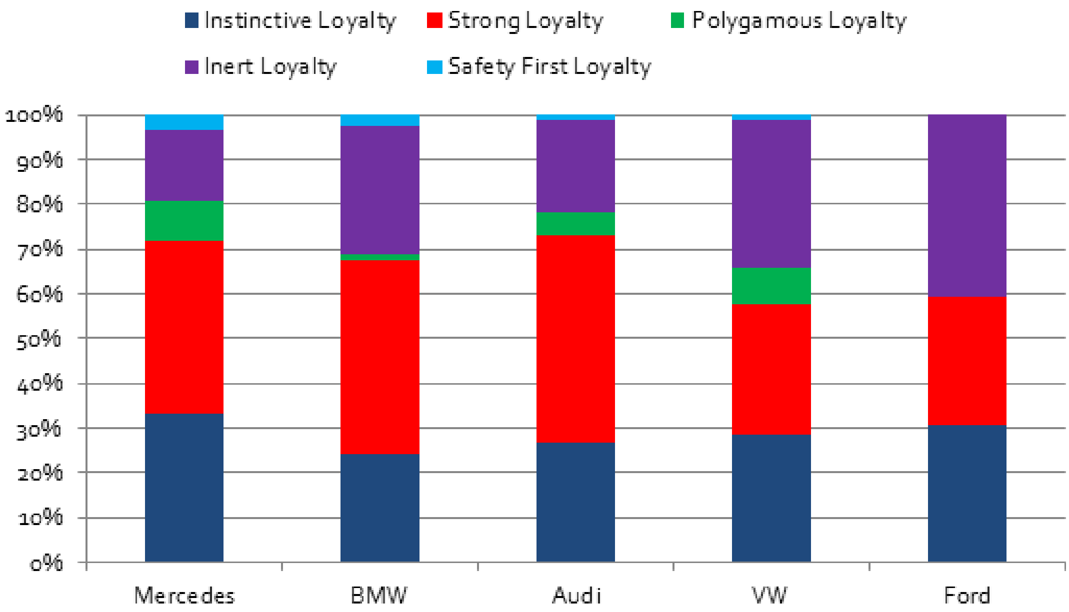


Figure 2. Car Category - Germany [6]

Whilst surface loyalty for each of these brands may look similar, there are some marked differences in the nature of that loyalty. For example:

1. Over 40% of Ford's loyalty is inert, that is that they had little noticeable bias towards any particular brand but still repurchased Ford. For anyone selling Ford motorcars this is a pretty worrying statistic in the long term. A vast chunk of the loyalty to the brand is not born of anything resembling passion. It is the loyalty of inertia.

2. Compare this to the type of loyalty exhibited towards Mercedes. From the data in figure 1 you can see that on the surface Ford are doing better than Mercedes – 41.6% loyalty for Ford, 38.5% for Mercedes – but when you start to dig below the surface, Mercedes loyalty looks to be much more solid and useful for the brand. Whereas over 40% of Ford's loyalty is "inert", only 16% of Mercedes' fall into that category. Mercedes lower surface loyalty contains much greater levels of passion and what might be termed "true" loyalty than Ford's seemingly impressive loyal base. Surface loyalty is a flawed concept that encourages the wrong conclusions.

Byron Sharp is correct in asserting that it is, in most cases, difficult for a brand to dramatically outstrip the category in terms of the quantity of loyalty that it inspires (the top six German car brands ranged from 33% for Audi to 41% for Volkswagen).[7] It would be wrong, however, to suggest that within those numbers there is nothing brands can do. It is possible to outstrip the category in the quality of that loyalty.

To take advantage of this we need to develop a better understanding of the individual types of loyalty present within our brands' customer bases.

New ways of understanding and interpreting the customer journey now allow us to quantify the deeper levels of loyalty. Using a series of data collected across multiple markets in 2013-2014, I hope to show just how complex but ripe with potential loyalty really is if we understand it properly.

Love ain't here any more[8]

Time to abolish the word loyalty and think about bias instead

To start to properly understand loyalty, it's time to forget about loyalty. At least from a semantic point of view.

Thinking in terms of heuristics or biases would be more appropriate. The experience of using a product and experiencing it influences both our System 1 and System 2 sides. Too often measures of loyalty, when only looking at surface behaviour assume rational and logical, system 2 type decisions. When we start to break down loyalty into its component parts we can see many more complex biases and preconceptions coming into play:

"Odd as it may seem I am my remembering self, and the experiencing self, who does my living, is like a stranger to me."

Daniel Kahnemann [9]

Instead what we have is likelihood to repurchase being driven by biases. It's time to update our thinking. Instead of creating loyalty, we need to start creating biases. The five subtypes of loyalty identified above should therefore be reframed:

1. **Tunnel Vision Bias:** the act of repurchasing, only considering that brand (i.e. there was one brand and one brand only on the shopping list) and having a strong feeling that you'll buy that brand right from the start of the purchase journey.

2. **Passionate Bias:** the act of repurchasing, having a strong idea before you start shopping that you'll end up with that brand again but still having at least a brief look at other brands along the way.

3. **Polyamorous Bias:** repurchasing but having at least a reasonable notion that you could have ended up with two or more other brands.

4. **Inert Bias:** repurchasing through inertia, lacking any great passion or compelling reasons for repurchasing, but doing it anyway.

5. **Safety Bias:** loyalty that is born from fear of the unknown or the safety blanket of the customary.

Nothing Compares to You[10]

Tunnel Vision Bias – is it real and how big is it?

Conventional wisdom is that levels of loyalty vary dramatically by category. That is certainly true at the surface level.
For example:

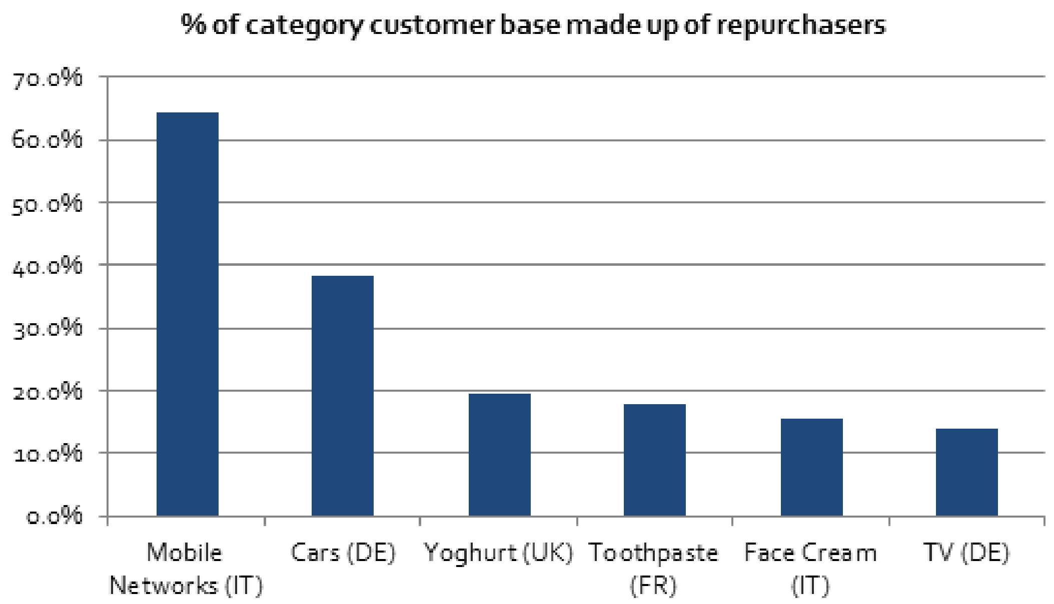


Figure 3. Cross-Category and Market Analysis[11]

Surface loyalty doesn't necessarily follow value or purchase cycle length - flatscreen TVs have much lower loyalty than yoghurt – but the critical point is that levels of loyalty vary wildly from category to category thus making it difficult to look at any kind of cross category norms.

But how real is this loyalty? How committed is it? When we start to pull this surface loyalty apart we find that actually categories are in some respects more similar than it would otherwise appear.

This is particularly true of the most passionate type of loyalty bias: **tunnel vision bias.** When people come to repurchase a product, they have a clear idea in their heads that it will be the brand they bought last time and they only consider that brand along the way. This is the purest and most powerful form of loyalty. And it is very low. Look at this type of loyalty bias on the same scale as the total surface loyalty:

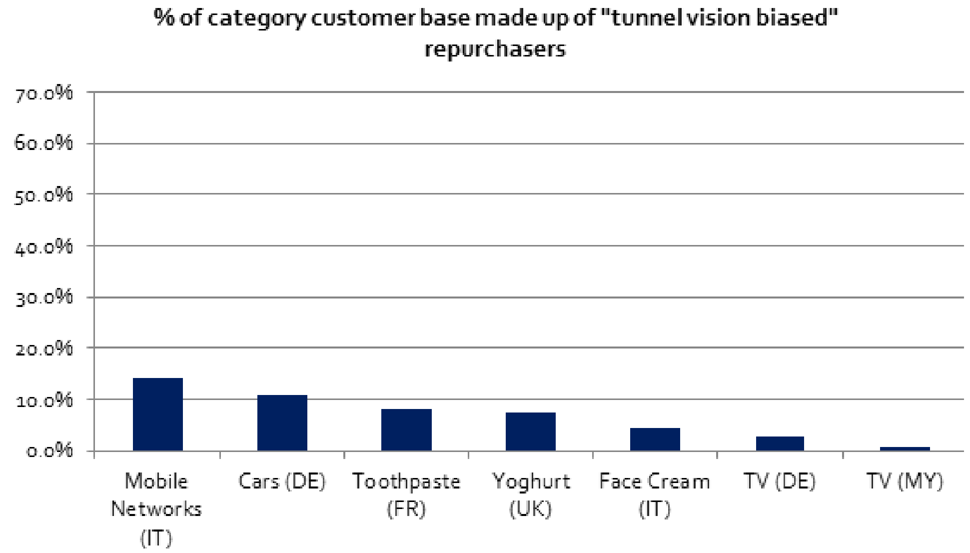


Figure 4. Cross-Category and Market Analysis[12]

Whilst surface loyalty looks very strong in many categories, the number of people who have this, most pure form of loyalty is very low in most sectors. The process of buying or experiencing a product actually creates very little in the way of unconditional loyalty: on average below 10% of your customers are going to unconditionally repurchase your product.

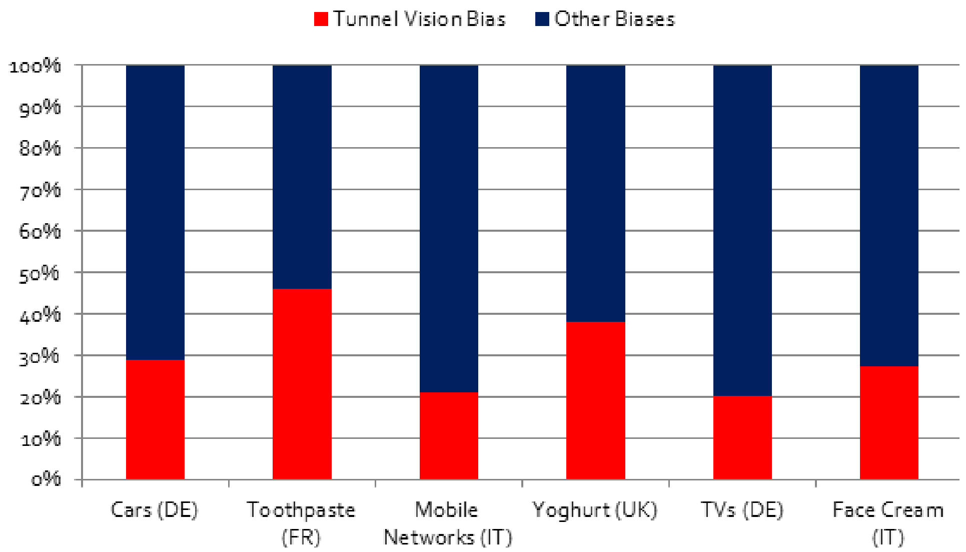


Figure 5. Cross-Category and Market Analysis 13

What this means for marketers is that even if your brand is in a category where loyalty looks on the surface to be very high, the extent to which you can rely on that loyalty to sustain your business is very limited. Tunnel vision bias represents on average only 27% of a category's loyalty base as illustrated in figure 5.

It is dangerous to rely on loyalty because it is overwhelmingly conditional. In fact, the category with the highest level of overall surface loyalty – mobile phone networks – has one of the leakiest loyalty bases of them all. Only 21% of the mobile phone network category's"loyalists" have the kind of tunnel vision bias that a brand could rely on.

The scale of this disparity between surface loyalty and tunnel vision bias is alarming for marketers and shows how dangerous it is to rely on apparently loyal customers. The Sharpian answer to this conundrum might be to forget all about loyalty as an objective altogether. Byron Sharp argues very convincingly that recruitment should be a brand manager's primary focus and looking at these numbers you can see why. But before we totally walk away, we should look at some of the less extreme but potentially powerful types of loyalty – those biases that make up the rest of brands' loyalty bases.

I was made for loving you baby[14]

Passionate Bias

Whilst tunnel vision bias makes up only a portion of a loyal base, that doesn't mean that other repeat purchasers do not have a passionate connection to the brands that they rebuy. It just means that they are, at least theoretically, open to the idea of considering others.

What a purchase experience creates, for good or bad, is the ultimate point of reference. It is this that drives passionate bias. Even when customers are strongly minded to repurchase, they will still compare the brand to others. Passionate bias typically accounts for 20% of loyalty although, as with other types of loyalty it does vary by category. It is in passionate bias that we see the scale of the purchase and the length of time between purchases really coming into their own as a driver of loyalty. For example, as percentages of the overall customer base:

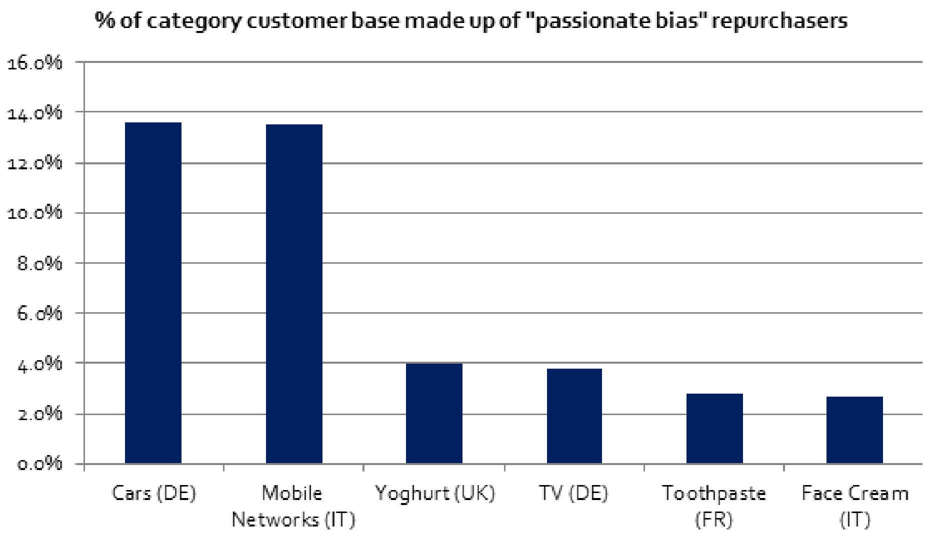


Figure 6. Cross- Category and Market Analysis[15]

For clients with high value and/or long term purchase patterns, passionate loyalty is critical. Customers who have strong desire to repurchase but who will still compare the brand to another make up substantial volumes of the repeat purchase base. Any programme or campaign that is designed to target these customers must to be structured to help those people to get the very maximum experience from their purchases.

I would argue that these people are fundamental to growing brands. Those who have strong biases towards brands but who still make comparisons are the most active in researching products online and are likely to be the most vociferous in blogs and forums.

They are also the most likely to be vocal in recommending products. For example, if we compare those who recommend their purchase to others post-purchase, those with passionate bias are more likely to do so than those who had tunnel vision bias towards the brand they rebought. For example, when expressed as indices (Tunnel Vision = 100) a pattern starts to emerge:

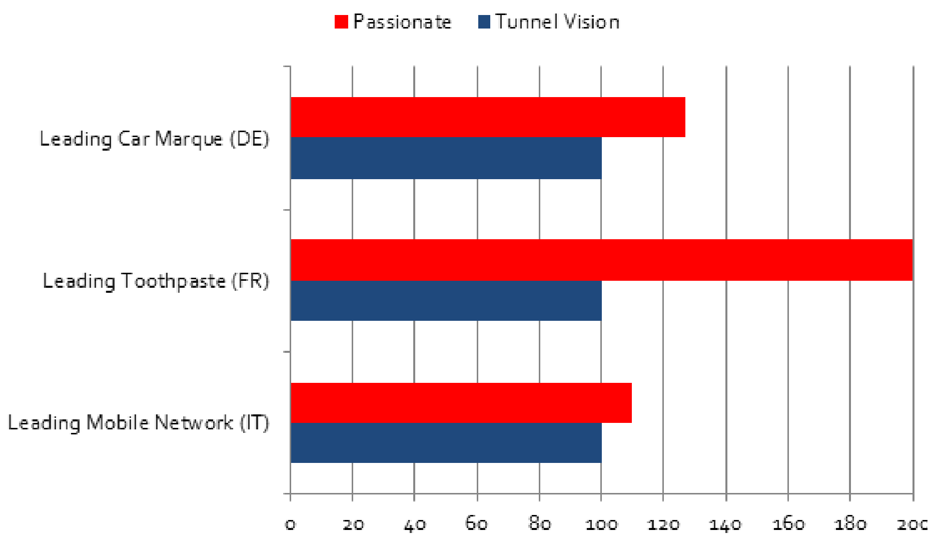


Figure 7. Cross- Category and Market Analysis[16]

It is in nurturing this group that brands have a powerful opportunity. The key point here is that this group is often not the largest in terms of their loyalty but to a business they are potentially the most valuable: they have made a relative choice, selecting one brand over another but have displayed conviction whilst doing so. They are also more likely to talk positively about the brand than other loyalists. A potent combination.

The Sunshine of your Love[17]

Polyamorous Bias

There are a small group of people who maintain strong biases towards more than one brand. The fact that these numbers are very small highlights two big issues for brands:

1. The concept of the "shopping list" and all that brands need to do is get on that list is flawed. Position on that shopping list is much more important. Second really is first loser.

2. These biases are not created during an active purchase stage. They are created by all of the other things a brand does when a consumer is not actively looking for a product. The most powerful one of these is actual product usage.

Within many categories the concept of the brand shopping list is fairly well grounded. The logic is that consumers will only actively consider two or three brands and therefore the first job is to get on that shopping list. This is wrong. The ambition has to be to be first on that list. If people really behaved like this, polyamorous bias – having a strong bias towards more than one brand including the one that customers actually bought – would be high. But as you can see below, it isn't:

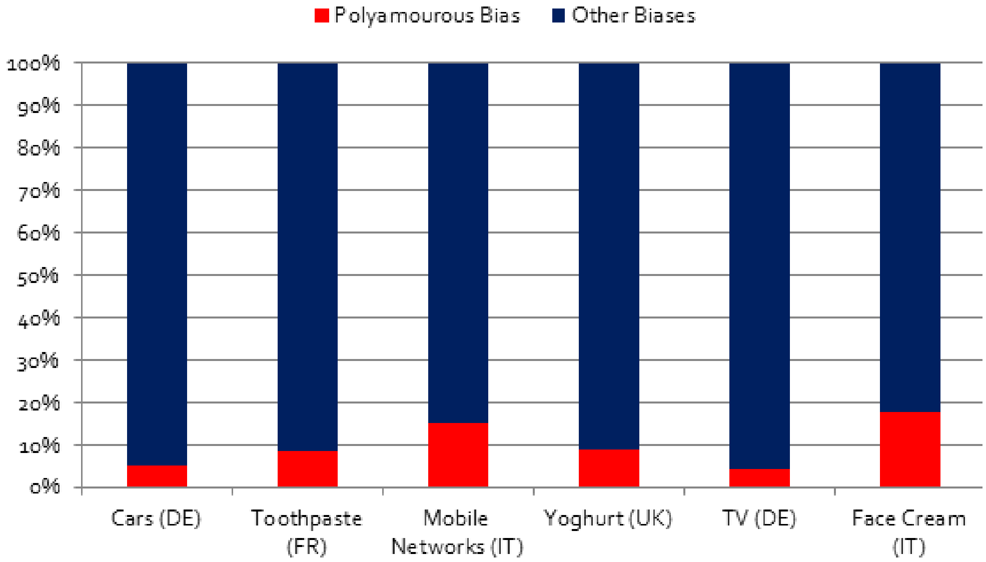


Figure 8. Cross-Category and Market Analysis[18]

In only a very few categories – face cream and mobile phone networks are the only two example so far – does polyamorous bias account for over 10% of a brand's loyalty base.

It is unlikely that a consumer will have a strong bias towards more than one brand when they start looking for a product. They will either have a bias towards none in which case the active research phase becomes a free-for-all or they will have a strong preference towards one particular brand. This calls into question some of our traditional ways of measuring brand performance.

Metrics such as "brand preference" and "brand consideration" as part of balanced scorecards of measurement are questionable barometers of how people will actually purchase. The lack of polyamorous loyalty in almost every category means that the only truly effective measures would be "brand first preference" and "brand first choice".

Love is just a four letter word[19]

Inert Bias

Bias born of inertia – "I'll just renew and get it over with" loyalty – is a marketers' worst nightmare. Unfortunately, in some categories it's large and within a category it can affect more brands than others (see the German car example in fig 1 above). Byron Sharp's analysis highlights a "double whammy" that the biggest brands in the marketplace receive: the larger their customer base, the higher their loyalty levels. However, hidden beneath this is potentially a significant problem. The biggest brands in the market tend also to suffer from the highest levels of inert bias affecting their loyalty bases:

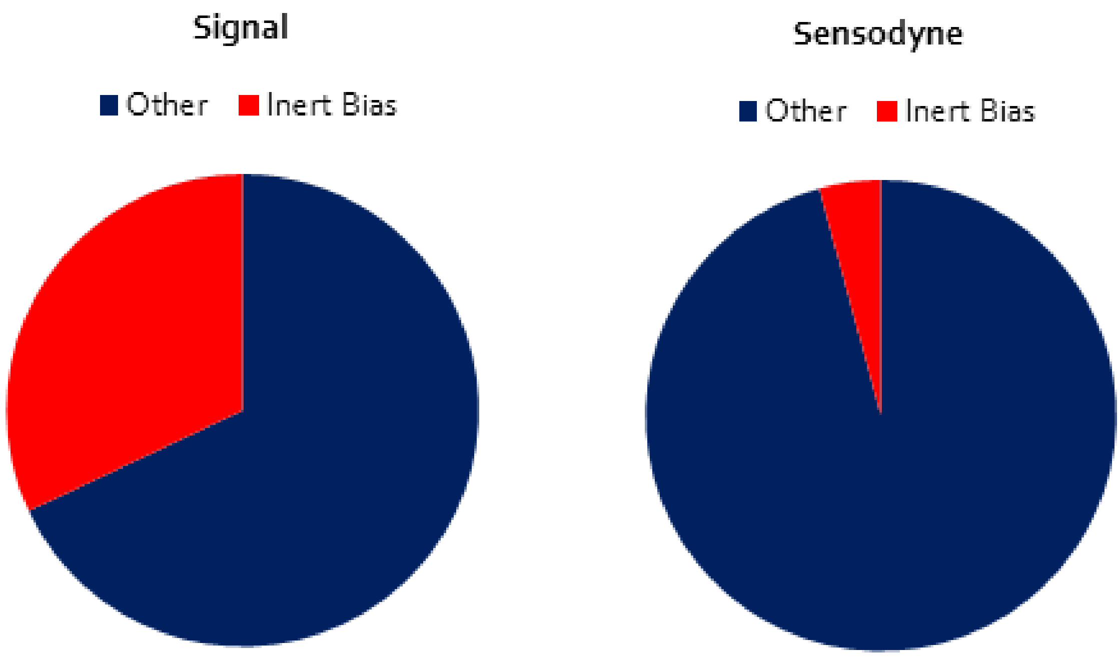


Figure 9. Key Toothpaste Brands in France [20]

On the surface Signal looks to be in the better place. Their overall loyalty in terms of consecutive repeat purchase (i.e. the last two purchases were the same) is 29% compared to Sensodyne's 14% but almost a 3rd of Signal's loyal customer base is inert – they are repurchasing Signal without having a strong bias towards the brand or any other.

What we are seeing here is not loyalty. It is routine or expedient convenience masquerading as loyalty. When analyst Andrew Pole went to work at Target stores in the US and began working through their loyalty figures he found a number of patterns of behaviour driven by inertia. For example"women who had infants were so tired that they would buy everything they needed wherever they could purchase bottles and formula".[21] Loyalty to those brands was being driven by factors far beyond the control of the brands themselves.

Turning that routine into a habit is an interesting opportunity for brands but that requires the addition of rewards to the routine – creating more passionate and tunnel vision bias. There are obvious opportunities in having this kind of information that Pole and Target were able to build on but equally obvious is the danger to the brands concerned of relying on inert loyalty to sustain sales.

Stop, in the name of love[22]

Safety Bias

When we start to analyse safety bias we are seeing two classic behaviours in action. The first of these is loss aversion described by Thaler and Sunstein in Nudge:

"Loss aversion acts as a kind of cognitive nudge, pressing us not to make changes, even when changes are very much in our interests".[23]

We're also seeing at work here what Samuelson and Zeckhauser called "status-quo" bias:

"Most real decisions, unlike those in economic texts, have a status quo alternative – that is doing nothing or maintaining one's current or previous decisions".[24]

The interesting thing about safety bias is that it has the potential to kick in, even at the very last minute. Traditional definitions of this,"status-quo bias", have tended to view this behaviour as something that prevents decisions happening at all. In some sectors however this bias is powerful and critically, it stops fairly well made decisions dead in their tracks, late in the day. Within any client's customer base there will be a certain number of "loyal" customers who exhibit this bias. These customers are those who had a strong passive bias towards another competitor, had lost any strong bias towards the brand that they actually bought but yet still rebought the product anyway.

In most categories this number is very small – anywhere between 0.5%-3% of a customer base will be made up of these "reluctant renewers". In some categories, however, this group is huge. Huge and, I believe, problematic. Within mobile phone networks for example, up to 10% of the customer base fall into this category. Take these figures as an example:

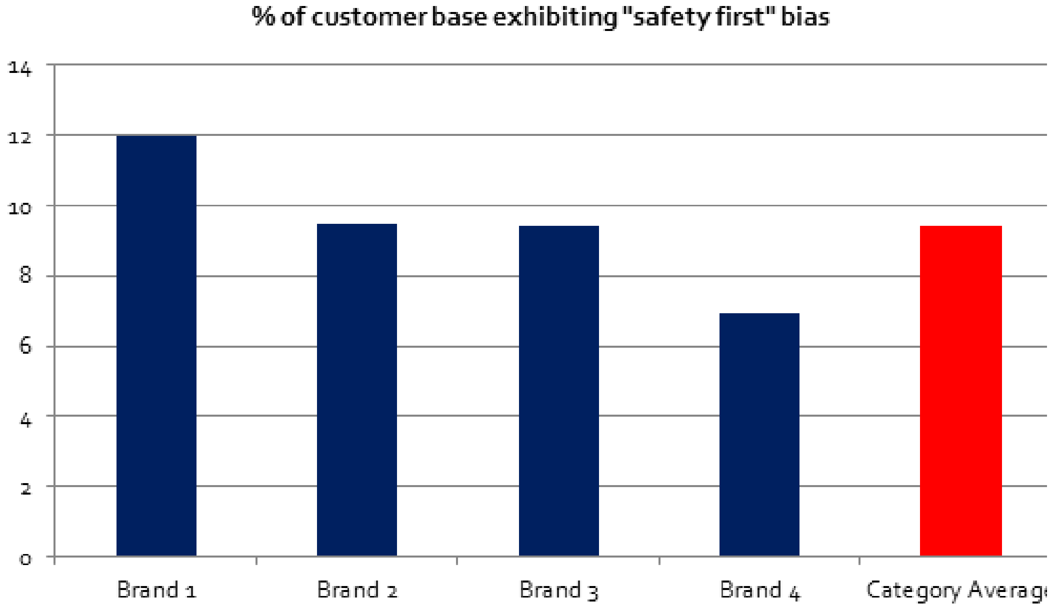


Figure 10. Italian Mobile Networks[25]

These were people who renewed their contracts with their mobile network but had a powerful inclination to switch and moderate-to-little intention of staying. These aren't people who when given a list of options, opted to stay with what they knew best. These are people who had strong thoughts about leaving and made a last ditch decision to stay.

From a revenue perspective, to have up to 12% of your customers teetering on the brink like this is potentially quite dangerous. Competitors have clearly done something to nearly get these people over the line – being highly recommended by friends, launching new handset partnerships or super-fast services for example. At the last minute brands have done something to keep them in the fold. Usually this is either the current brand dropping their prices or the prospective competitor letting the customer down at the last minute e.g. by being out of stock of the new phone.

I would argue that treating these customers the same as any other customer exhibiting repeat purchase behaviour is storing up trouble for a brand. These customers need to be nurtured and convinced to look at the brand afresh. The brand has been given a second chance by default.

These people should be treated much more like new customers than existing ones. Mobile phone networks are lucky in one sense in that their contracts often tie their customers in for such a long time. The networks have two years to make their customers fall in love with them again. In an ideal world the safety first loyalists of today would become the passionate loyalists of two years' time. Given that these people have already experienced any loyalty schemes or bonuses that the brands have to offer, the brands need to rethink about how to engage these customers. How can brands become present in their everyday conversations? Can they get their friends talking about the brands in positive lights? A loyalty programme that fixes the problem of "safety" bias might end up looking suspiciously like a recruitment campaign for switchers from other brands.

Although data is not available for them in the same way as it is for "business-to-consumer" brands, I would hypothesise that safety first bias is a particular problem for"business-to-business" brands. For brands such as investment banks (e.g. Schroders, JP Morgan, Investec), this kind of "safety first" bias creates a perfect storm of new clients being difficult to recruit but not emotionally invested once they finally are switched. Loyalty within business-to-business is driven by an incredibly powerful emotion; the desire to protect one's own reputation. The challenge for brands operating in this space is that the emotional connection in this type of loyalty is primarily negative rather than positive, defensive rather than passionate.

Both inert and safety first biases are especially vulnerable to advances in social media that make it easier for customers to find out about brands which previously they would have struggled to find enough information to trust. Many observers have suggested that loyalty as a whole to brands is on the decline because of the speed with which consumers can now find out information that leads them to be willing to experiment with new brands.[26] Inert and Safety First biases would seem especially vulnerable to this:

"For consumers this is ideal: they're making better choices... And they're not the only beneficiaries; upstarts now find it easier to compete with the big boys. If you build a better mousetrap, people will soon know about it...For much of the twentieth century, consumer markets were stable. Today, they are tumultuous, and you're only as good as your last product".[27]

The early part of the twenty-first century has seen a number of brands benefit from declining loyalty towards existing brands. I would hypothesise that the majority of those that have switched to Acer, Lenovo or Hyundai have come from their competitors' Inert and Safety First biased customers. These are the two areas that established brands must be most focused on fixing.

Part 2: How to solve a problem like Loyalty or how I learnt to stop worrying and embrace the fact that Fleetwood Mac hold all the answers

An action plan for dealing with this complex world of biases.

Go your own way[28]

A new approach to customer journeys

The need for a new approach to understanding customers' purchase journeys is not a new one in the marketing industry. The ground-breaking work done by the likes of Daniel Kahnemann, Byron Sharp and the rest has shown us that the old model of a logical linear version of a customer journey is broken. Traditional AIDA style approaches focussed far too much on the 5% of human action that's conscious and spent not nearly enough time unlocking the 95% of human activity that is subconscious. [29]

Marketers' understanding of the purchase journey needs updating. A lot of work has been done in recent years, to redefine what the journey looks like, but we marketers still need to better understand how consumers connect with brands at every single touchpoint and at every single stage in their lives.

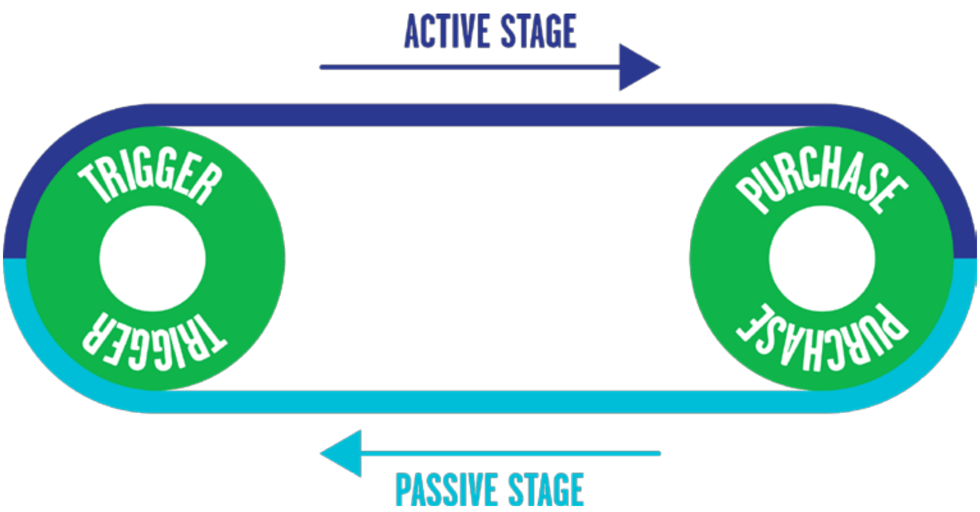
As an industry, marketing in general has been very good at looking at collecting information in three silos.

1. We're drowning in rich data about perceptions. A whole variety of large scale brand health trackers tell us why people renew their purchases and gauge the extent to which they profess to love brands.

2. We can look in all manner of ways at what people do. In many sectors we now potentially have data on an epic scale to tell us about how people behave, enabling us to unpick loyalty in unprecedented depth.

3. Agencies and clients have a huge amount of touchpoint data to play with for example econometrics and click stream analysis.

The challenge is joining all of these together. To do that requires a simple chassis of a customer journey that reduces complexity and allows marketers to develop a clear understanding of the path to purchase. Just one example of this type of framework is the recent MEC Momentum structure:[30]



1. Passive Stage: daily life, when someone is not actively considering a purchase but is exposed to brands and their messages.

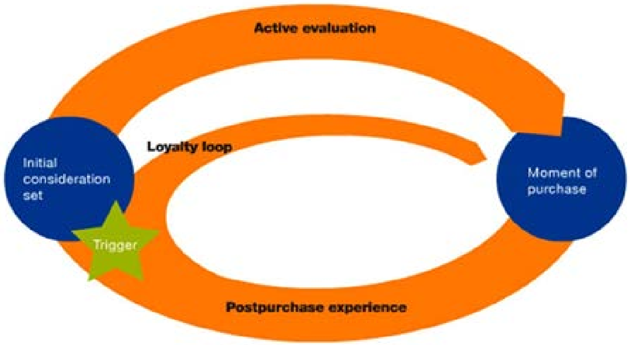
2. Triggers: needs or wants which move people from the Passive stage to the Active stage.

3. Active stage: when people are actively looking for a product to buy.

4. Purchase: The act of buying, followed by product usage and discussion post-purchase.

Understanding how consumers behave around journeys like this is critical. Pinpointing the power of existing product ownership and usage and understanding how different types of bias play out is critical. As we've seen, brands and categories may have very different levels of bias within their surface loyalty groups. These need to be quantified, understood and acted upon.

I believe that customer journeys that look like the McKinsey example below are increasingly problematic when it comes to understanding loyalty to brands:



Separate loops that splice loyalists into activists who recommend and passivists who don't are a cop out for advertisers and agencies alike. They assume that repeat purchasers miss out on the active evaluation that new customers undertake. With low levels of "tunnel vision" bias in most brands' customer bases, this is quite a leap of faith to make. I believe it is time to stop treating our loyal customers differently to new ones. We need to keep them excited and treat them as if they were seeing us for the first time.

Woo me until the sun comes up and say that you love me[31]

Brands need to be constantly surprising and innovating

This is likely to be a function of both the rational and the emotional, for example Binet and Field recommend splitting budgets 60% towards the emotional and 40% towards the rational.[32]

In some categories this means innovating around the way they create noise and conversation, building the "passionate" and "powerful" biases that lead to more sustainable and reliable loyalty.

In other categories innovation may come in the form of pricing and product innovation. For example, in the utilities market where inert bias is extremely high, creating passionate bias will come as much from differentiated approaches to billing as distinctive approaches to brand building and emotional connection. For example, in the UK, major provider British Gas recently announced plans to offer free electricity on Saturdays to its most valuable customers. The expressed reason for this is to try and generate loyalty:

"It's not philanthropy. It's a great retention device for electricity customers."[33]
Ian Peters, British Gas

This kind of initiative is exactly the type of thing I mean when we start talking about a shift in mindset. The mindset that leads to thinking imaginatively about innovation stops treating customers as husbands to be henpecked and starts treating them as potential lovers to be wooed. Orange Wednesdays, O2 Priority Moments, BA Rewards are all great examples of businesses wooing customers rather than taking their loyalty for granted. Some are better than others and all have their failings but innovation in approaches to existing customers is critical:

"Brands must... find new ways to reinforce loyalty. The ones that are most likely to succeed are those that create a positive consumer experience around their brands, during the entire length of their relationship with consumers."[34]
Ernest & Young

This means constantly updating and innovating in so-called "loyalty schemes". Loyalty schemes are potentially quite dangerous for big brands in that they become ubiquitous and something that starts out as a"passionate" or "powerful" bias builder recedes into a hygiene factor that fails to lift people out of inert biases. The Tesco Clubcard is a classic example of what happens when loyalty schemes stop innovating. Tesco recently announced a total review of the way they promote and use their Clubcard.[35] They are right to do so. Schemes that reward existing users are potentially very powerful at turning inert bias into passionate and powerful bias but they have to keep pace. Loyalty cards aren't a marriage contract, rather an embossed invitation to another date.

I want to be with you... Everywhere[36]

Build daily life biases rather than relying on loyalty

As we've seen, relatively small amounts of a brand's customer base are likely to reach the benchmark of being truly, truly loyal – the tunnel vision loyalists.

I don't believe however that it is time to give up on loyalty altogether. Other types of loyalty, especially the passionate and powerful, can be extremely valuable for brands. This not least because actually having powerful or passionate loyalty makes one more likely to recommend a brand to a friend or colleague than having absolute, tunnel vision. Having a bit of leakiness in your loyalty is a good thing. It just means brands have to work harder at it.

Both Passionate and Powerful biases are created in the"passive stage" of daily life, not in the active stage of consciously researching products to buy. All of the things that brands do, from brand advertising to shop frontage, to sponsorships to staff, from packaging to posters, has an impact. In many categories the power of being "overheard" cannot be understated. This is particularly true of categories where the purchase cycle is long but lacks seasonality, for example, mobile phone networks.

As we've seen, the mobile phone network category has one of the highest levels of surface loyalty but struggles to create passionate and powerful biases. Loyalty is often driven by "inertia" and "safety first biases". Yet for mobile phone networks a powerful opportunity exists. Conversation is one of the most important touchpoints for those actively researching a new mobile phone to buy. Yet, it is also a top ten touchpoint for those who are simply hearing about the brands in daily life.

Everyone overhears conversations about mobile phones all the time and these build the powerful heuristics and biases which later play out in purchase behaviour. Making existing customers feel warm about their purchases by making sure that they overhear positive things about their brand as they go about their daily business is a powerful way of building a positive emotional connection to go with their user experience. This is especially important for those brands that sit within the"you only notice when it goes wrong" categories such as mobile phone networks, tyres, utilities or credit card provision.

In fact credit card providers have generally done very well at this in recent years. American Express's Small Business Saturdays is a particularly good example of a brand putting in place activities which raise everyday positive conversations and, hopefully, build biases around the brand. In a category with high levels of retention but low levels of passionate bias, activities like this should become a benchmark for others looking to turn inert bias into powerful and passionate biases. Orange Wednesdays are another cracking example of a brand building powerful and passionate biases by being positively present in everyday conversation. This type of activation, I would suggest, is, in many categories more likely to turn inert bias into passionate or powerful bias than yet another price promotion.

Les Binet and Peter Field suggested as a result of their work in Marketing in the Era of Accountability that "Fame" was the optimum objective for achieving success in advertising campaigns. After analyzing a huge volume of loyalty data (over 12,500 people in the surveys mentioned in this paper), I firmly believe that they are right when it comes to applying metrics that will generate loyalty. The fact that polyamorous bias is so low suggests to me that being at the very top of the list before customers even start thinking about looking to replace an existing product is critical. A balanced scorecard of metrics that puts fame at the very heart of it seems to me to be the best way to do this.

Don't stop thinking about tomorrow[37]

A balanced score card of loyalty

If we are truly to understand loyalty, we have to be able to measure it. That means adjusting our approaches to setting objectives and assessing the results of campaigns. Whilst Binet and Field argue for a balanced scorecard of metrics, I believe that we need to think about setting specific scorecards for loyalty too.

At the heart of this scorecard of metrics should sit greater precision about what we mean by loyalty and that means throwing out and refining the ways we currently seek to measure loyalty.

"Churn Rate" as a metric has had its day. It measures surface loyalty which provides information rather than insight. Churn Rate needs to be replaced with measurement of "inert bias level". Brands need to be on a mission to convert inert bias into passionate and powerful bias. Understanding the percentage of inert bias within a brand's loyalty structure is more impactful than measuring surface loyalty. As we saw in the German car market a brand may actually be in a healthier position with lower surface loyalty if that loyalty is of better quality, as I firmly believe Mercedes are than Ford.

This is particularly important for market leading brands in cluttered FMCG markets packed full of variants. Sensodyne have a much more solid foundation in the shape of their loyalty base than Signal do, because Sensodyne have offered their customers reasons to be passionately and powerfully loyal, whereas Signal's repeat buyers do so from inertia.

Brand Preference is another metric which has served its purpose but which, when used as a way of understanding loyalty, offers information rather than insight. The lack of polyamory within loyalty bases shows that Brand Preference is no longer a good enough benchmark. Being "on the shopping list" or "in the consideration set" is broken as an objective. Second is first loser. Brands need to start caring about being first choice and first choice only.

Finally, we should stop setting objectives for campaigns like "increase loyalty". Loyalty, as we've seen is far too complex.

When campaigns have been shown to increase loyalty in the past I'd wager that they have successfully improved one part of loyalty. How Brands Grow demonstrates that it is tough to grow loyalty beyond category averages. Only some specific brands, in some specific situations (e.g. Walkers Crisps in the UK) have been able to do so. I believe, however, that it is possible to grow specific elements of loyalty beyond category norms. As brands like Sensodyne, Mercedes and Nivea have shown, it is possible to get Passionate and Powerful biases to outstrip the category. Rather than setting objectives that are aimed at increasing loyalty, we should be aiming to increase Passionate and Powerful biases.

Now there you go again, you say you want your freedom[38]

Abolishing the idea of loyalty as a monolithic construct will set brands and those that work with them free

The complexity that hides behind measures of loyalty and the concept of loyalty to brands requires above all one massive shift. That is not a shift of product or communications; it is a shift in mindset, driven by a semantic overhaul of the way the marketing industry talks about loyalty.

As I have tried to demonstrate in this paper, the idea that vast swathes of people are unconditionally loyal to brands is misguided.

A whole new construct for the way that people view brands, even (and especially) the ones they own already is needed. A simple analogy is one of dating. Traditional thinking and prioritization of surface loyalty as an objective and metric has led us to believe that people "marry" brands.

That is true in very few cases – below 15% of customers in every category surveyed so far have tunnel vision bias towards their brands. What appears to happen is that people go on multiple first dates with brand. Every repurchase is essentially a first date. Of course, sometimes that is a date that a customer enters into with a good feeling, a strong premonition in fact that you and the brand are going to settle down and have babies and a house in the country together. Sometimes it's a date that customers enter into thinking about the guy they met last night or the one lined up for tomorrow. And sometimes it's a date where, despite having strong feelings for that other girl, a guy settles for the "devil he knows".

But it's a date nonetheless. People go on multiple first dates with multiple brands. Very few settle down and marry them. The change that brands and those that work with them (both in client businesses and agencies) need to make is to start behaving like they are always on first dates.

On first dates we do the following:

1. Look our best at all times.

2. Talk about the other person as much as possible, appearing interested in their lives more than our own.

3. Think of new and exciting things to say and meet in new and interesting places.

Those that invest all their hopes in loyalty behave like old married couples:

1. Stop making an effort, believing that "because you love me", you'll forgive or even embrace dull or wearily familiar appearances.

2. Drone on about ourselves believing the opposite party is interested.

3. Repeat the same patterns of behaviour over and over again until the routine grinds the relationship to a halt.

Treating every contact with a consumer as a first date is the key to success. Brands need to match the first three behaviours and stamp out the latter. Thinking that consumers are loyal to us encourages the second group of behaviours at the expense of the first.

Understanding what makes people keep buying brands again and again is a critical part of marketing. It is wrong to reject it entirely as some have suggested but equally too simplistic to suggest that loyalty is a binary state – being loyal or not. People are rarely uncritically loyal to brands. Even if strongly minded to repurchase shoppers will still look at others by way of reference. Some may even be strongly minded to move elsewhere before changing their minds and sticking with the devil they know. With all this clearly laid out before them as new research techniques enable them to do, those that manage brands can now see just how complex the world of loyalty is and in so doing begin to develop solutions that build the right types of bias, keeping their repurchase levels strong, and their customer bases healthy.

"We shall not cease from exploration, and the end of all our exploring will be to arrive where we started and know the place for the first time."
T. S. Eliot

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