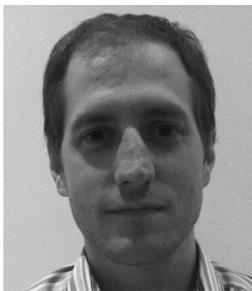




Consumer Attitudes Matter when it Comes to Brand Loyalty

Google will tell you that the definition of loyalty is “a strong feeling of support or allegiance,” but the most influential recent work on the importance of loyalty in brand building focuses almost exclusively on behavioral loyalty (frequency of repeat purchases), with little reference to what people feel.



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The Ehrenberg Bass Institute has repeatedly demonstrated that purchase penetration has a law-like relationship with purchase loyalty. The more people that buy a brand, the more repeat purchase there will be for the brand. This has significant implications for marketing strategy—why waste time and money trying to get current consumers to buy more often, when simply getting more people to buy your brand will naturally result in increased purchase loyalty?

However, many take this a step further and assume attitudinal loyalty will also follow purchase penetration—or they assume attitudes don't matter at all. Our research suggests this is a big mistake.

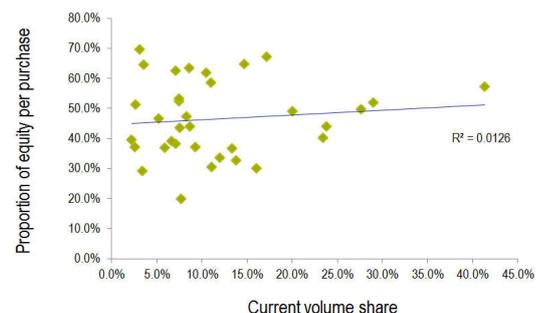
NOT ALL BRANDS ARE CREATED EQUAL

In his book *How Brands Grow*, Professor Byron Sharp puts forward a common argument for ignoring brand attitudes. Professor Sharp explains that in the same way that he loves his mum *because she is his mum*, consumers love the brands they use *because they use them*. He says that brand attitudes among users are broadly the same across brands. At Millward Brown, we have strong evidence to the contrary; attitudinal equity even among users varies hugely across brands.

We have recently co-created a solution with Kantar WorldPanel that allows clients to ask their shopper panelists our brand equity

questions, creating single-source data sets of equity and purchase. This allows us to quantify the level of attitudinal equity people have for each brand that they purchase. The graph below shows equity per purchase against volume share for 34 brands across four countries.

If attitudinal equity simply followed usage, then we would expect all brands to have broadly the same proportion of equity per purchase, or we'd expect it to increase as volume share increased. In fact, the level of equity per purchase varies a lot, and has little relationship with volume share.



Source: Single source equity and purchase data from 34 brands in 4 countries from Millward Brown, Kantar WorldPanel and the Colmar Brunton Fly Buys shopper panel.

Professor Sharp is right—part of the reason I love my mom is simply because she's my mum, but I also love her because she has loved and cared for me for years. Unfortunately, brands don't have a maternal instinct to care for

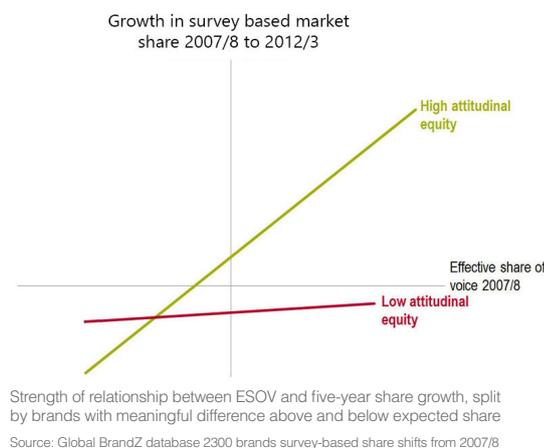
their consumers. As a result, some brands do a far better job than others at caring or giving the impression that they care for their consumers. Consumers feel that and respond accordingly.

Even at the same level of penetration, brands have vastly different levels of attitudinal loyalty. Brands cannot assume that attitudinal loyalty “simply follows” behavior. What is more, attitudinal loyalty confers significant benefits.

ATTITUDINAL LOYALTY IS A DRIVER OF GROWTH

Our analyses have repeatedly shown that brands with more than their “fair share” of attitudinal loyalty (the level we’d expect given current market share) are more likely to grow. In his recent point of view “How Brands Really Grow,” Nigel Hollis showed that brands with strong *meaningful difference* (measures of attitudinal loyalty and key components of brand equity) back in 2007/8 tended to grow over the next five years, while those that lacked meaningful difference lost share.

The same data set also shows a strong relationship between share of communications awareness (effective share of voice, ESOV) and share growth—but only for brands with more than their fair share of *meaningful difference*.



Brands with more than their fair share of attitudinal loyalty are more likely to grow and are better positioned to benefit from effective communications, while those that

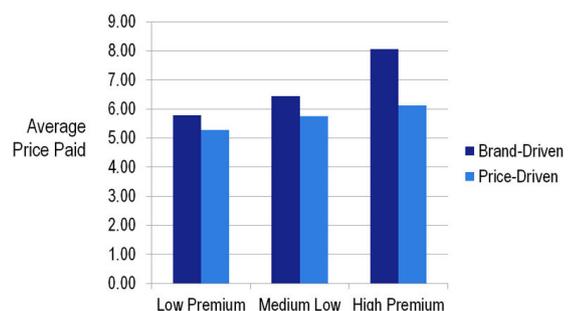
lack attitudinal loyalty will struggle to leverage communications to drive growth.

Peroni beer in the UK is a great example of how best to leverage strong equity to deliver growth. They have used highly creative, multi-channel communications that are all true to the brand’s Italian heritage and style to help drive double-digit growth over a five-year period. During this period, they have maintained their premium in the on-trade and launched into the off-trade at a high price point, which they rarely, if ever, discount, enjoying another benefit of attitudinal loyalty—helping to justify a price premium.

ATTITUDES JUSTIFY PRICE PAID

Myopic focus on penetration ignores the contribution that price makes to margins and profits. The relationship between price and volume sales is just as predictable as the relationship between penetration and purchase loyalty. The higher the price, the lower the sales—unless people feel there is a compelling reason to pay the higher price. Attitudinal equity provides that reason and pushes out the demand curve for a brand, allowing it to sell more volume at a higher price.

We have plenty of evidence that consumers pay more for brands they have an attitudinal commitment to. Even those consumers who claim to be price-driven in their choices show an influence of equity on price paid. As well as triggering growth, increased attitudinal equity allows brands to justify a price premium among current buyers.



Source: Millward Brown R&D study, attitudinal survey data merged with the Colmar Brunton Fly Buys shopper panel behavioral data for 810 consumers. 13 brands.

ATTITUDES DO MATTER

Like it or not, consumer attitudes matter. Growing penetration will deliver increased behavioral loyalty, but attitudinal equity is needed to support volume and justify price, and it won't just happen organically. As any mother will tell you, showing you care day in and day out—even when you don't immediately feel you are getting anything back—is no easy task!

Key Takeaways

- Attitudinal loyalty does not necessarily follow from purchase penetration—it must be earned.
- Brands with strong attitudinal loyalty are more likely to grow and to benefit from effective communications.
- Attitudinal equity helps justify a price premium among current buyers.