

# DISPATCHES™

*Insights On Brand Development From The Marketing Front*

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## WHATEVER HAPPENED TO BRAND LOYALTY? (REVISITED)

**loyal**, adjective: unswerving in allegiance; faithful to a cause, ideal, or custom

Whenever we ask our consulting clients or our *Power Positioning* workshop participants to share their current marketing objectives, the one response we never seem to hear is “Increase brand loyalty from x to y within the next 12 months.” Nor do we often come across the term “brand loyalty” in the various marketing publications we read and blogs we listen to. As the authors of CREATING BRAND LOYALTY, you might say we have a more vested interest in the gradual disappearance of this loyalty notion. Still, simply as avid marketers and brand-builders, we also want to understand why this once highly valued and well-tracked benchmark of a brand’s health has apparently gone the way of the Edsel.

Some might say, “Not so fast—the term ‘brand loyalty’ might be out of vogue, but the behavior that underlies it is still much sought after and measured by marketers everywhere: namely, repeat purchase.” The habit of purchase or consumption is undoubtedly one important dimension of brand loyalty. However, we think true loyalty (along the lines implied in the definition above) involves another even more critical aspect—a dimension of the mind and heart that translates into an intangible, often passionate liking of or belief in the brand. And, just as the frequency of purchase can be measured and tracked among various target groups, so can this degree of liking or conviction. For example, Hallmark used “brand insistence,” which custom studies can measure to determine the level of loyalty among its customers). Just to be clear, insistence is most typically measured by observing that: (a) loyal customers refuse to buy a competitive brand when their brand is unavailable or out-of-stock; and that (b) they will go to great lengths to find another location (or website) where they **can** buy their favorite brand.

So while we would grant that sustaining or building frequency of purchase or consumption remains a much-sought-after marketing objective, we would also argue that fewer and fewer brands these days are just as consciously pursuing brand insistence—really, as their best measure of their customers’ loyalty to their brand. So back to the original question we posed: why is brand loyalty/brand insistence so rarely pursued these days?

In answer to this question, our overall hypothesis is that most marketers nowadays are simply not trained to and therefore not particularly well-skilled at building brand loyalty. They often are quite well-skilled at explaining, demonstrating, and featuring their product's functional attributes and advantages. In fact, their companies typically encourage and reward these skills—usually because they have found over the years that, as long as they were constantly upgrading their products ahead of their competition (and could annually tout meaningful product news), they could keep volume and profits growing. In these kinds of corporate environments, one could well ask, “Who needs brand loyalty?” Of course, as the old expression goes, “The sun don't shine on the same dog's ass all the time,” and more and more companies who have feasted for years on product-performance marketing have long since found today's competition tougher and double-digit growth much harder to come by.

So, assuming at least some of the companies who are finding themselves in this state decide to re-visit brand loyalty/brand insistence as a valuable marketing goal, what are the skills their marketing people will need to make a good run at it? For starters, we think there are three fundamental ones:

1. **Grounding the brand positioning in an emotive Brand Idea.** Not long ago, we issued a DISPATCHES article (“The Brand Idea Checklist”) on this very subject, highlighting the attraction a brand engenders by formulating that one sentence, highly emotive, strategic encapsulation of its *ultimate meaning* to the customer. And we also compared the Brand Idea with Simon Sinek's popular TED Talk video on the “Golden Circle,” namely, his circle's bullseye, the WHY. As Simon says during this video, “If people respond to why you do what you do, but you don't know why you do what you do, how can you ever expect them to buy from you, vote for you, or more importantly, be *loyal* to you?”
2. **Identifying and taking ownership of a meaningful emotional benefit.** One of the *Brandweek* articles we have long referenced in our positioning workshops explains how, way back when, Starbucks consciously entered the American coffee market with both a winning rational and emotional benefit engineered into its brand positioning. Of course, the rational benefit refers to the better-tasting (than store-bought) coffee thanks to espresso roasting and all-arabica beans. But note what the *Brandweek* consultant-author had to say about the emotional benefit the Starbucks brand chose: “From our work, we find that loyalists demand delight from their brands. Define, dimensionalize, and satisfy a compelling psychic need-state and you've got a regular customer. (Starbucks) customers pay a substantial premium for a rich experience that puts them in a self-rewarding frame-of-mind.” There it is. Building in that emotional benefit—especially one that traditional packaged U.S. coffee brands could not begin to imitate—is what made the Starbucks loyalist so quickly—and insistently—loyal.

3. **Operating day-in-and-out from a conviction that the customer/consumer owns the brand, not the company.** This very principle was highlighted in a now long ago *Advertising Age* article entitled, “Why the Harley brand’s so hot.” The author, Chief Marketing Officer of Ernst & Young, makes a distinction between “real brands” and those that “masquerade as brands.” He points out that what separates the real brands is a “core belief that the consumer owns the brand, not the company...when viewed in this way, consumers become individuals with whom you build deep relationships.” As the title of his article indicates, he then lays out the many ways Harley-Davidson has gone well beyond product performance, and even advertising and promotion to foster a life-long “sense of being part of the extended Harley family.” For example, there is the Harley Owners Group (fondly abbreviated as H.O.G.) that in 2020 comprises 1,000,000+ members worldwide, providing “an organized way for Harley riders to share their passion and show their pride.”

Before closing this week’s article, you probably noted the parenthetical “Revisited” in our title. This DISPATCHES' article was originally distributed in 2005, and for this week, we’ve taken a turn at updating it some. While we have hypothesized about why brand loyalty no longer seems to be relevant to most brand-builders (or, at least, why so few seem to track and measure it), there may be something else at play as well. An article in this month’s *Atlantic* entitled “Capitalism’s Addiction Problem” focuses on a prevalent trend now across most big technology brands. Consider just these few quotes from that article:

*“Capitalism faces another threat, however, and it may prove more fundamental: American’s growing reliance on technologies—smartphones, social media, gaming consoles, shopping sites—that have become predatory....”*

*“The new powers in the digital age have built their business models on strategies—enabled and turbocharged by self-improving algorithms—that actively undermine the principles that make capitalism a good deal for most people. Their aim is not merely to gain and retain customers, but to create dependency on their products.”*

*“Where an affinity ends and addiction begins is not always clear, but when it comes to our relationships with technology, the signs of addiction are manifest.”*

The article’s author is not speaking specifically about Brands, but her implication is pretty clear. Maybe Brand Loyalty is no longer enough; what’s needed is Brand Addiction. Makes you wonder, are more and more of us not merely *loyal* to the Apple Brands, not even simply *captives* of the Apple Brands ecosystem...or more accurately, are we just plain *Brand Addicted*?

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Stay safe and be well,  
Richard Czerniawski and Mike Maloney

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