Debunking myth of customer loyalty towards brands

According to Spark Media and data backed by Caxton's urban community survey, Roots, marketers who believe that their brand has 100% loyal consumers are sadly mistaken.

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“We know from our affiliation and close dealings with marketing scientists at the Ehrenburg Bass Institute, the world’s largest centre for research into marketing, that buyer behaviour at an individual level is random, but that aggregated buyer behaviour can be predicted, very accurately, as is the case in any random system,” says Spark Media joint CEO, Gill Randall.

Roots 2016 shows that of the 2.4 million PDMs (purchase decision makers) who have shopped for shoes and clothing at Edgars, 40% have also shopped at Mr Price, Woolies (36%), Truworths (4%), Jet (21%) and Ackermans (18%).

“Every brand’s market comprises of heavy, medium, light and non users. It also stands to reason that your customers are everybody else’s customers who sometimes buy from you. It all comes down to mental and physical availability and a brand’s ability to be thought of in a buying situation by as many people as possible, on as many occasions as possible.

“Studies of hundreds of categories reveal that more than 50% of profits come from light buyers (not 80-20 as we have been lead to believe). Let us take Coke as an example; 63% of profits come from people who drink just one Coke a year, simply because there are so many of them.

“Even in the banking sector, customers are shared with competitors - 27% of PDMS who have a bond with African Bank, have a Standard Bank savings account and 20% have a Capitec savings account. Twelve percent of PDMS who have a bond with ABSA also have a FNB Cheque account and 19% of PDMS who have an ABSA student loan also have a FNB savings account.

“As a result, marketers should not profile brand users when planning their target market, but rather category users - coffee drinkers as opposed to Nescafé drinkers, for example.

“Growth for a brand comes largely from acquiring new customers, as opposed to existing customers buying more often. Therefore, mass reach of a category is much more cost effective than investing into frequency strategies with existing customers. That is not to say that existing customers should not be in your sights, but never at the expense of finding new ones.”

“The irony is that heavy or regular users of any brand need less nudging to buy an already ‘salient’ brand,” concludes Randall.

For more information, go to www.sparkmedia.co.za.