

BRAND LOYALTY

Tuning in



1. Do you have brand loyalty to certain brands? Which brands? Make a list of brands you like and brands you don't like.

2. Why do you have brand loyalty to these brands?

3. Do you always try to buy that particular brand?

4. What is the brand image of these brands?

5. Do you buy any products without considering the brand name?

Word study

1. Fill in the missing words from the box into the text below.

emotional equity differentiation become shares intense
admirable frontline connection advocacy cheerful
empathetic creating positive generate experiences loyalty
cumulative motives messaging competition appealing
dogs mantra heads customers

1) _____ connection is one of the five drivers of customer brand insistence as outlined in our Brand Insistence brand 2) _____ system. (The other four drivers are awareness, relevant) _____, value and accessibility.) The consumer must first know your brand, then like your brand, and finally trust your brand and feel an emotional connection to it.

People 3) _____ emotionally connected to a brand for a number of reasons:

- The brand stands for something important to them. It 4) _____ values with them.
- The brand is 5) _____ and vibrant. It connects with people on multiple levels across several senses.
- The brand is unique.
- The brand is 6) _____.
- The brand consistently interacts with them. It never disappoints them.
- The brand makes them feel good.

There are many innovative ways to achieve this emotional connection– from advertising and the quality of 7) _____ consumer contact, to consumer membership organizations and company-sponsored consumer events. Emotional 8) _____ can take your customers beyond brand loyalty to the ultimate measure of a compelling brand: brand 9) _____.

It is especially important to ensure that all of your employees with frontline customer contact are like Boy Scouts—that is, that they are trustworthy, helpful, friendly, courteous, kind, and 10) _____. Add to that list 11) _____, good listeners, and reassuring. To have a quality workforce you need to establish the appropriate hiring criteria, training, and organization culture. Remember, good service is all about 12) _____ positive feelings, treating people well, and solving people's problems. Ultimately, emotional connection will come from 13) _____ shared) _____ with the brand over time. While this trust is

built over time, offering an unconditional guarantee is a quick way to reduce the risk posed by a new, unknown brand and to 14) _____ some minimum level of trust immediately.

There are other 15) _____ -inducing approaches, too. For instance:

- The brand encourages frequent, habit-forming interaction (as long as the interaction is pleasant or beneficial and not against people's wills).

- The brand finds ways to build 16) _____ value for customers over time, especially if the value is not transferable to the use of competitive products and services. Any brand that seeks to create emotional connection should find ways to tap into these and other underlying human 17) _____.

I'll close with this example of Pedigree dog food moving from functional to emotional 18) _____.

In 2004, Pedigree was the share leader in its category; however, it was losing share to the 19) _____ at both the high and low ends of the market. At the time, Pedigree focused its messaging on product attributes. In 2005, Pedigree's advertising agency (TBWA) recommended changing the emphasis from functional attributes to the «love of dogs», 20) _____ to the customer's hearts instead of their 21) _____. TBWA's chairman and chief creative officer, Lee Clow, asked Pedigree to embrace this statement as its new brand 22) _____: «If you convince me you love dogs, I'll let you feed mine».

Today, Pedigree offers its 23) _____ a breed gallery, dog age calculator, breed match questionnaire, «adopt a dog» search, free puppy guide, «Dogs Rule» apparel, and an opportunity to donate to the Pedigree Foundation, which is dedicated to helping 24) _____ find loving homes.

2. The *a* and *b* sentences below have very similar meanings, but the *b* sentences are written in a more formal style. Complete each *b* sentence with a noun (singular or plural) formed from one of the verbs in the box.

consume purchase deduce recognise perceive reduce

1. **a)** People mostly buy things to use themselves.

b) People make most of their _____ for their own _____.

2. **a)** A 'brand image' is how people think of the brand; for example, one brand might be thought of as young and fashionable.

b) A 'brand image' is made up of consumers' _____ and beliefs concerning the brand.

3. **a)** Companies often use a logo to help keep a brand in people's minds.

b) Companies often use a logo to strengthen the brand _____.

4. **a)** Cutting prices can be bad for sales of luxury goods with an image of being exclusive.

b) Price _____ can harm sales of luxury goods with an image of being exclusive.

5. **a)** The production manager thought hard, and worked out why some goods were faulty.

b) Through a process of _____ the production manager identified the reason why some goods were faulty.

Reading

Pre-reading task

1. Do you always buy the same brands?
2. What brands do you admire?
3. Can you say how the brand creates and maintains loyalty?
4. Why is it important to study brand loyalty?

What Is Brand Loyalty in Marketing?

Definition of Brand Loyalty

Brand loyalty occurs when a customer chooses to repeatedly purchase a product produced by the same company instead of a substitute product produced by a competitor. For example, some people will always buy Coke at the grocery store, while other people will always purchase Pepsi.

Brand loyalty is often based upon perception. A consumer will consistently purchase the same product because she perceives it as being the superior product among the choices available. You should note that brand loyalty usually relates to a product, not a company. For example, while you may be loyal to your Honda Accord, but when it comes to motorcycles, you might believe that a Harley leaves a Honda motorcycle in the dust.

Brand loyalty is important for several reasons. First, it reduces the cost of production because the sales volume is higher. Second, companies with brand-loyal customers don't have to spend as much money on marketing the product, which will permit the company to either retain more earnings or to invest resources elsewhere. Third, companies may use premium pricing that will increase profit margins. Finally, loyal customers tend to recommend products that they like.

Businesses have to exert significant effort to facilitate brand loyalty. You need to convince potential customers that your product has a significant advantage over other products to justify consistent purchases of your product. Businesses also will attempt to leverage brand loyalty developed for a product to other products offered by the company. The hope is to create brand loyalty for as many products as possible.

Examples of Exceptional Brand Loyalty

Red Bull

The drink known as Krating Daeng was introduced in 1976 in Thailand as an energy booster for low-income earners. While traveling in Thailand, an Austrian marketer fell in love with the drink and formed a partnership to sell it abroad.

The drink became Red Bull, and although much of the original ingredients were untouched, carbonation was added. Instead of targeting low-income earners, the new company found its success in the emerging energy drink market. Red Bull continues to dominate the market to this day.

Airbnb

In an effort to earn some extra cash for their soaring rent in San Francisco, Airbnb founders started a site called Air Bed n Breakfast. They laid down air mattresses in their apartment and offered people a place to sleep, along with breakfast, for \$80 a night. Airbnb now has more than 2 million listings in 190 countries.

Post-reading task.

1. Answer the following questions:

1. What is the best expectation from brand loyalty?
2. Why does a customer continue to purchase one particular brand?
3. Why should a company create brand loyalty?
4. Is the importance of brand loyalty number one for many growth-oriented companies?
5. What brands have the most loyal customers?
6. What are the most valuable brands for you?

2. Choose the most appropriate answer.

- | | |
|---|--|
| 1. How does brand loyalty help you reduce the cost of production? | d. The cost per unit decreases as volume of production increases |
| a. It doesn't | 2. Why is premium pricing a disadvantage to brand loyalty? |
| b. It actually increases production costs because more product must be produced | It's not |
| c. You only have to produce one product | It lowers profit margins |
| | It is bad PR |
| | It's unsustainable |

3. Develop the idea using the following phrases from the text.

1. Brand loyalty is often based upon perception.
2. Brand loyalty usually relates to a product, not a company.
3. Companies with brand-loyal customers don't have to spend as much money on marketing the product,
4. Loyal customers tend to recommend products that they like.
5. Businesses have to convince potential customers that their product or service is better than a competitor.

4. Match the words with their meanings:

- | | |
|------------------|---|
| 1. Loyalty | a) The name given to a product by the company that makes it |
| 2. Image | b) Using an existing name on another type of product |
| 3. Stretching | c) The ideas and beliefs people have about a brand |
| 4. Awareness | d) The tendency to always buy a particular brand |
| 5. Name | e) How familiar people are with a brand |
| 6. Launch | f) The set of products made by a company |
| 7. Lifecycle | g) The use of a well-known person to advertise products |
| 8. Range | h) When products are used in films or TV programmes |
| 9. Placement | i) The introduction of a product to the market |
| 10. Endorsements | j) The length of time people continue to buy a product |

5. Read the text and make up your own list of 4 brands with phenomenal customer loyalty. Explain their success.

4 Brands With Phenomenal Customer Loyalty.

When it comes to running any successful business, customer acquisition (while important) is really just the tip of the iceberg. Invariably, the brands that ‘win’ are the ones which are able to develop long, lasting and engaged relationships with their customers, characterized by significant brand loyalty.

But how do they do it? Every business is different, so what do these ones have in common? What is it that brings their customers close – and keeps them there?

In short: what really creates customer loyalty?

Perhaps we can answer these questions most effectively by taking a look at real brands with extraordinarily loyal customers.

Here there is the list of four of the high performers from this index to explore further to answer these simple questions:

What creates loyalty, how do brands keep customers engaged, and how can you emulate these steps in your own business?

1. American Express

Mention ‘American Express’ and your mind is likely to be drawn toward big business and big commerce. But the company’s OPEN forum, launched in 2007, is perhaps one of the best ever examples of a customer loyalty driver, and it was aimed exclusively at helping small businesses grow.

The insights and resources shared on OPEN are not only a fantastic way to promote the company’s small business cards and services, but a way to demonstrate that – as a brand – American Express is committed to helping you grow your business. This is a powerful statement and a key facilitator of enhanced loyalty.

This is really typical of a wider shift in marketing, from the old-fashioned, interruptive style represented by billboards and cold calls, towards an approach designed to assist and add real value to the target audience. Again, there’s no doubt that this approach can help boost loyalty: according to the Content Marketing Institute, 64% of B2B marketers say they use content marketing to achieve customer retention and loyalty goals.

2. Toyota

Few markets are quite as crowded as the automotive industry – and, in an area that’s so aspirational, it can be a huge challenge to retain customers. As a brand, Toyota stands on its own – boasting the most faithful buyers in the space, according to an Experian Automotive report.

“Toyota has done an outstanding job of regaining customer trust and getting repeat customers into showrooms,” says Jeffrey Anderson, director of consulting and analytics for Experian Automotive.

So what builds trust? Clearly, product quality and reliability are of huge importance, particularly in the world of transport. Toyota’s secret weapon is the ‘Just in Time’ production approach, a philosophy which, despite gaining almost universal acceptance, was actually pioneered by the Toyota company. The whole Toyota Production System has been designed

to provide the customer with high quality vehicles (at great value) with shortest lead times. It's all about quality, and consistency.

And that approach certainly seems to bear fruit among Toyota customers.

3. Apple

Apple has cultivated one of the most loyal brand followings ever seen, with a staggering 59% of iPhone users reporting that they do so because of 'blind loyalty.'¹ In such a saturated marketplace, that really is quite incredible.

What is it about Apple that inspires such loyalty? You have to start with the brand's clearly defined vision and mission statement. It began with Steve Jobs' commitment to innovation, product quality and cutting-edge design, and these ideals continue to resonate with customers today.

By creating and 'living' this kind of brand manifesto – by standing for something – you can create an emotional connection with your customers, too. This is often enough to preserve customer loyalty even when things go wrong. Many Apple users find themselves emotionally invested in the products they use, in large part because those products stand for an idea. Apple usage, itself, has slowly become an identity.

4. Starbucks

Again, we're talking about one of the most recognizable brands on the planet – but remember, one day, they were as tiny as any startup. And, since Starbucks opened the doors to its first coffee shop in Seattle back in 1971, the brand has completely reinvented the whole business. They now have over 21,000 stores worldwide.²

The sheer ubiquity of Starbucks is a major part of its appeal, but then again, plenty of competing coffee brands have a huge presence, too. This alone makes Starbucks a fascinating study in customer loyalty.

The temptation is to suggest that Starbucks simply 'does' coffee better than its competitors. And while product quality is always a part of the equation, the notable thing about Starbucks is that they've subtly transitioned coffee from being a product into an experience.

As branding Priya Raghubir once said in an interview with the Huffington Post, "People really have [gotten] to know Starbucks as the quintessential coffee shop, where they can sit and be welcomed over a cup of coffee.

"The enduring brand loyalty is about the core offerings, which is not just coffee. It is the experience of going to Starbucks."

And this just underscores the potential rewards of going beyond accepted industry norms. Coffee shops looked a little different before Starbucks changed the game. Subtle changes and additional extras – comfortable sofas and free WiFi, for example – have actively encouraged customers to feel welcome, stay longer, drink more coffee, and enjoy the unique Starbucks experience.

As a conclusion:

High-retention brands which keep their customers engaged recognize that loyalty is largely based on emotion: the way you feel when you interact with a brand.

The best way to build loyalty and engagement among your customer base – as evidenced by some of the world's biggest companies – is to consistently deliver a positive experience that delivers on a rational and emotional level.