

surviving in the 'age of disloyalty'

Brand loyalty is every marketer's ultimate quest, his or her holy grail. In fact, loyalty is such an entrenched concept that most experienced advertisers and marketers barely stop to give it a second thought. It's a concept that's at the very base of how we value brands and how we advertise.

Given that, what do we make of the fact that Nokia in Asia launches 25 types of phone per year, with an average lifespan of just nine months? Or that mobile phones that cost US\$700 at launch habitually cost less than 25% of that six months later? Or that Coca-Cola estimates that over 60% of the soft drink market volume in Singapore is made up of new products? Are then new products becoming more important than brands?

The reality is that brand loyalty is a concept that is dangerously past its sell-by date and ripe for re-examination. In recent times we've witnessed a seismic shift in how consumers relate to brands—one that means that while you can win loyalty, you can no longer "bank" it for years to come.

This reality challenges the very core of conventional brand and advertising wisdom since consumers have needed certain markers to help them trust in the quality of a product.

Today, if anything, we live in the "Age of Disloyalty." Consumers do not default to the "tried and true" any more. They default to the new and the newsworthy, a fact that means we clearly need to think afresh about how we keep people glued to our brands.

what's driving the "age of disloyalty"?

The ultimate reason consumers are disloyal, to paraphrase Bill Clinton, is because they can be. It's as simple as that: Most categories, in most countries, offer a broad range of acceptable brands. It's hard to believe that until fairly recently, Volkswagen's positioning was all about reliability. Today, that is table stakes, and any one of 15 auto brands offer reliability to a highly acceptable degree. Now, brands have to compete using rapid-fire product innovation, on top of the basic

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functional promise, in a super-competition that is played out in every category from coffee to computers, everyday.

This much is well documented. But less obviously, there's a more subtle and profound change in our behavior as consumers.

Today, we're used to being constantly stimulated. It's almost as if cramming new experiences into a short life has become the religion or the personal purpose of our age. Shows, trends, gadgets, all come and go. We let them go easily because we know that something new will be along tomorrow. And that's the key—we're eternally searching for the next experience. Remember

when everybody was watching "Survivor"? What price would the re-runs rights sell for today? Consumers expect their brands (whether technological or not) to provide constant news value and stimulation. For them, "The Paradox of Choice," described by Barry Schwartz in his book is not a paradox at all. Can you imagine going into a Starbucks and not finding that it has 30 different types of latte?

The net of it all is that as far as consumers today are concerned, it seems a brand is only as good as the last experience it offered you—there is very little sentiment for what it did for you years ago, and being loyal is the exception rather than the rule. A thought



borne out by a recent Leo Burnett study of ten categories, in four countries, which found a maximum of 30% of a category's heavy users were loyal to one brand (and in developed markets, a lot less).

how to survive in the "age of disloyalty"

To survive as a brand today, you have to recognize that we live in a new era.

Accepting that you can't assume your customers will still be around tomorrow necessitates a mind-set change. It forces you to be hungry; it forces leadership brands to act like challenger brands; it forces you to innovate; it forces you to make sure that your plans have short term paybacks; it forces you to ask yourself if your organization is even configured for innovation. And it forces you to ask if the silence of your consumers means they are happy—or in fact just asleep.

At a practical level, innovation has in recent times been the only silver bullet for bored consumers looking to defect to a competitor brand. But the "Age of Disloyalty" means innovation, as we know it, is no longer enough. Today innovations have to be ever more eye-catching and ever more disruptive than brand managers or advertisers have dared to imagine historically. "Consistency," as Tom Peters has said of modern marketing, "is the hobgoblin of small minds."

Take a look at some classic examples of marketing disruption: BMW for many years made minor adjustments to its brand image, a tweak here and a tweak there. Then, the new chief designer Chris Bangle added major design news to a brand that wasn't even seen as tired. Despite much grumbling from the traditionalists, the brand's value grew by 5% in 2003, more than any other car brand in the Top 100.

Then there's Samsung. No co-incidence that the company has grown more rapidly in brand value than any other in the Interbrand Top 100 over the last two years: In 1997, the company re-structured to shorten innovation lead times to market and now enjoys two to three months in

loyalty to a single brand lowest in developed markets

	CHINA	U.S.	U.K.	MEXICO
% long loyal	27	11	17	33
% deal selective	32	17	21	32
% rotator	25	29	26	25
% name brand price driven	10	27	20	10
% experimental /researcher	6	15	19	6

the market with new products as yet unmatched by competitors.

Perhaps most striking of all is McDonald's, which for many years was quite traditional in its product lineup, its store atmosphere, and in its image as a family brand. The company has now re-launched with a new campaign aimed at a young adult demographic,

with new food, and a new spirit of youth. After many years of difficult business conditions, McDonald's is now growing sales dramatically, and growing loyalty, one transaction at a time.

What the above examples underline is that the brands that will emerge best-placed to thrive in the "Age of Disloyalty" are those that have structured themselves around the ability to bring news.

And if as the above suggests, clients need to change and innovate to have a chance of staying in the game, what price their advertising agencies? Perhaps the biggest change of all, in fact, might have to be faced by the advertising industry itself. In the "Age of Disloyalty," there is less and less of a future for communication that aims to build up brand values—since these are less and less of a hedge in many categories. A new mentality needs to be shaped and accepted. Advertising agencies need to realize the power of news in communications, the very real sense in which the advertising of the future will be all "retail." Most advertising will be launch advertising and the agencies that thrive will be those that swing back towards the center of the client's business, those that show a deeper understanding of the consumer and also of the business realities surrounding innovation, and those that are able to continually update consumers about what sort of new experiences they can offer you. Because in the "Age of Disloyalty," if you don't have anything new to say, then don't say anything at all. ●

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the golden age of brands

- POOR CONSUMERS
- MANY SUB-STANDARD PRODUCTS
- LOOKING FOR ASSURANCE
- DEFAULT IS LOYALTY

the age of disloyalty

- RICH CONSUMERS
- MANY ACCEPTABLE PRODUCTS
- LOOKING FOR EXCITEMENT
- DEFAULT IS NOVELTY