SWP 21/95 NEW EMPIRICAL PERSPECTIVES ON BRAND LOYALTY: IMPLICATIONS FOR SEGMENTATION STRATEGY AND EQUITY

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ABSTRACT

There has been much written about the role of brand loyalty as a primary measure of effective brands marketing and a partial measure of brand equity. To date, however, the progress in providing a *practical* measure of the construct has been very limited. In this empirical study of grocery brands, we have developed such a measure in which both brand commitment and brand support were found to be necessary and sufficient conditions for loyalty to exist. Based on this measure, we identify four consumer purchasing styles which we characterised as "Loyals", "Habituals", "Variety Seekers" and "Switchers". The strategic implications of segmenting grocery markets on this basis is discussed both in the context of the marketing of brands and managing brand equity.
INTRODUCTION

The concept of Brand Loyalty has had a long and checkered history: the very first mention of the idea has been attributed to Copeland (1923) and, since then, over two hundred definitions have appeared in the literature (Jacoby & Chestnut (1978)). The very existence of all these definitions provides a clue as to how important this concept is in marketing theory. The generation of "loyal" customers has been a primary objective of marketers for decades. The level of brand loyalty has also been used as a measure of the success of marketing strategy and recently as a partial measure of brand equity. In fact, Aaker (1991) states that "the brand loyalty of the customer base is often the core of the brand's equity".

Despite all the interest in the general construct and the endless theorising about the benefits of loyalty, progress in measuring, or even clearly defining it, has been very limited. This is particularly the case with fast moving consumer goods (FMCG) where the arguments become further entwined with the debate about how involving purchasing actually is for consumers. Many authors [e.g Kassarjian & Kassarjian (1979), DeBruicker (1979)] believe that the process of purchasing in these markets is treated with almost total apathy by many consumers. If this is the case then consumer devotion to a particular brand will be fragile and short-lived so the use of "brand loyalty" as a partial measure of brand equity must be questioned. McWilliam (1992) goes so far as to question if CEO's fully understand the nature of brand equity in these markets:

"One has to ask if these chief executives are investing their time and money wisely and on a correct understanding of the role of brands in the lives of their customers".

McWilliam (1992)

In this paper we review progress made in understanding brand loyalty; from philosophical considerations to definitional issues and the practical, managerial consequences of loyal behaviour. We go on to provide what we believe is a new framework for understanding brand loyalty which is based on a robust definition and derived from our analysis of panel data from grocery markets. Using this new framework we identify and separate involved purchasing from routinised purchasing. The key benefit of this measure and of our other empirical observations on brand loyalty, is to provide a tool for the practical application of segmentation strategy and for marketers to better understand the performance of their brands. It also provides a more robust model to build an understanding of the dynamics of brand equity in FMCG markets. We conclude our paper by considering the implications of our empirical work for brand marketers and managers interested in trying to estimate brand equity.

The Significance of Repeat Purchase in Perspective

With the exception of a very few product categories, the process of consumers repurchasing a brand through satisfaction is a major objective of marketing strategy. The reason why repeat purchase is important to marketing management is simple: retaining customers often requires less marketing effort than recruiting new ones (see for example Reichheld and Sasser (1990)) and is, thus, economically desirable. Not surprisingly, the vagaries of repeat purchase behaviour have been the subject of extensive research effort throughout the history of the study of consumer behaviour. However, much of the work
suffers definitional inconsistencies and inadequate operationalisation (Muncy and Hunt, 1984). There are three salient factors which contribute to these difficulties. Firstly, understanding repeat purchase behaviour requires **behavioural** data. Collecting such data is costly in FMCG markets since it generally requires a panel. The substitute of self report survey data is often unreliable since it is dependent recall of purchasing events from memory (see Wind and Lerner (1979)). Secondly, the terms repeat purchase, brand commitment and brand loyalty have all been used interchangeably in the literature so empirical findings become dependent upon particular and often imprecise reference points. Finally, since there are two opposing schools of thought as to the nature of repeat purchase the assumptions about dependent variables will be very different. These differing perspectives are addressed next in the following sections since they fundamentally influence any research design and measurement instruments.

**Stochastic and Deterministic Perspectives of Repeat Purchase**

The stochastic model of consumer purchasing derives the repeat purchase patterns of consumers from basic information about penetration and average purchase frequency. Consumers are considered to purchase brands in a random fashion which is predictable from known probability distributions. Thus, the levels of repeat purchase to be expected can be predicted from the basic variables. Models of this nature have been extensively developed by Ehrenberg (1988). The philosophical assumptions underlying such models are that the levels of repeat purchase are fixed, for a given brand penetration and purchase frequency, and are not easily altered by any readily identifiable causative variable. In defence of this seemingly unlikely scenario, Bass (1974) states "even if behaviour is caused but the bulk of the explanation lies in a multitude of variables which occur with unpredictable frequency, then, in practice, the process is stochastic."

The application of this view of repeat purchase is clearly limited to modelling static market situations and does not provide any (indeed, may even deny the existence of) causative explanation. Both the theory underlying the models and their application is discussed extensively in Ehrenberg (1988) and more pragmatically, by East (1990).

In contrast to this is the deterministic view of repeat purchase behaviour in which a limited number of causes are considered to influence purchasing behaviour. That is to say, a few independent variables account for and can even predict the level of repeat purchase for a given brand and set of consumers. However, causal research carried out by the deterministic school has met with only partial success. Jacoby and Chestnut (1978) suggest that the reason for this could be due to the fact that repeat purchase behaviour is in fact multi-caused (pp. 4-5). However, the same authors go on to note that determinism has a place in identifying models of behaviour within a limited domain of repeat purchasing, specifically in the area of "Brand Loyalty".

**Repeat Purchase and Brand Loyalty**

Repeat purchase behaviour is an axiomatic term which simply refers to the extent to which consumers re-purchase the same brand after experiencing the brand. Since it is a purely behavioural construct, it is simply measured as the number of times a given brand is re-
purchased by a consumer in any given period of time (see Ehrenberg (1988)). In contrast, the term brand loyalty is a complex construct that may contain psychological (commitment) elements and behavioural elements. The measurement and definition of this construct is discussed in detail below.

In their extensive study of the brand loyalty literature, Jacoby and Chestnut (1978) review over two hundred brand loyalty studies in an attempt to determine the nature of the construct. The first point that they make is to underline the general lack of a coherent conceptual definitions of the construct:

"The concept of brand loyalty has been defined by most researchers empirically instead of theoretically, a few researchers have stated that the empirical definition is the theoretical definition"

Woodside and Clokey (1975)
in Jacoby & Chestnut (1978)

This lack of clarity leads to a great deal of difficulty in interpreting the many brand loyalty studies and since there is no common theoretical definition, mutually exclusive research studies have generally been produced.

The authors go on to provide a classification of the various approaches to measuring brand loyalty. There are broadly three groups:

1. Those that stress behaviour. Examples are: "Exclusive purchase" - to be brand loyal the consumer must consistently purchase a single brand (Copeland, 1923; Churchill, 1942; Brown, 1952); "Two thirds criterion" - out of a set of three brands offered four or more purchases of the same brand must occur in a six week period for brand loyalty to exist (Charlton and Ehrenberg, 1976); "Three-in-a-row criterion" - brand loyal when three or more purchases in a row occur (Tucker, 1964; McConnell 1968)

2. Those that stress psychological commitment. Examples are: "Brand Preference" - a consumer is defined as loyal to the brand he names in response to the question: Which brand do you prefer?; "Brand name loyalty" - loyalty is assessed on the basis of responses to the statement "I make my purchase selection according to my favourite brand name, regardless of price"

3. Composite Indices. Examples are: "Brand insistence" - combines the behavioural index of exclusive purchase with an out-of-stock decision that another brand would only be purchased in the case of an emergency (Copeland, 1923); "L₁" - the ratio of the proportion of purchases devoted to brand L to the proportion of purchases devoted to brand i (Day, 1969).

The diversity and number of these approaches makes the task of identifying an appropriate measure a formidable one. Jacoby and Chestnut also provide a review of the comparative reliability, validity and sensitivity of the various measures. Unfortunately, this too proves inconclusive. However, in concluding their discussion on the theory and measurement of brand loyalty, the authors identify a conceptual definition (first proposed by Jacoby and Olson, 1970) for which they cite extensive theoretical substantiation. The conceptual
definition (which will be adopted in this research) is expressed as a set of six necessary and collectively sufficient conditions. Thus brand loyalty is:

(1) the biased (i.e. non random), (2) behavioural response (i.e. purchase), (3) expressed over time, (4) by some decision-making unit (5) with respect to one or more alternative brands out of a set of such brands, and (6) is a function of psychological (decision making, evaluative) processes.

Jacoby and Olson, 1970

It will be clear why this definition is appealing to us from our introduction: it provides us with a method of distinguishing between apparent devotion to a brand (or brands) and devotion which is founded on a longer-term more deep-rooted psychological process.

Operationalising this construct still proved to be enormously challenging. However, this is the only fully identified conceptual definition we have found in the literature, and even if it does not produce the perfect measuring instrument, it does provide a sound conceptual framework to ground our research into brand loyalty.

Developing Measures of Brand Loyalty: the Background to this Research

Our original interest in the construct of brand loyalty stemmed from work we were conducting into the relationship between consumer involvement* and behaviour in FMCG markets (Author, 1994). Initially, we were interested in determining whether or not there was a significant relationship between a consumer's level of involvement with grocery brands and their repeat purchase behaviour (viz Assael, 1987). In developing this research protocol we identified a model (figure 1) which included a measure of the sources of involvement, involvement itself, commitment and brand support as the final dependent variable (see the Analysis section below for our definition of "brand support"). Effectively, we treated brand commitment as an antecedent to brand support on the grounds that any variance explained in brand support by brand commitment could legitimately be termed "brand loyalty" (under the terms Jacoby & Olson's definition outlined above). The involvement part of our model (figure 1) follows the empirical work carried out by Mittal & Lee (1989). Using LISREL VII to identify the model through causal path analysis, and panel data collected across three product categories (see the data collection section), we were able to establish that there is a significant relationship between brand commitment and repeat purchasing (brand support) albeit a very weak one, explaining only c. 16% of the variance (Authors 1995b). It was at this point that we decided to revisit the definition of brand loyalty shown above and to develop a way of classifying brand buying behaviour which is better able to retain information about consumers than the simple linear relationship specified in our original model. Before discussing this approach, we turn next to review our data collection procedures and provide details of the measurements we made.

* "the degree of personal relevance which a stimulus or situation is perceived to help achieve consequences and values of importance to the consumer" Peters & Olson (1993)
Data Collection

In our review of progress made in the study of brand loyalty, we concluded that a major shortcoming of many research endeavours had been the failure to collect behavioural data. Self-reported measures of behaviour through surveys are notoriously unreliable because of poor recall by consumers of what products have been purchased over long periods of time (see Wind & Lerner (1979)). Therefore, in order to collect accurate data on actual purchasing behaviour a consumer panel was recruited and operated for sixteen weeks. A survey was administered to each respondent at the beginning of the panel recording period to measure involvement and commitment states and to elicit demographic information. Subsequently, participants were asked to record their purchases across three product categories on diary sheets which were supplied every two weeks. The product fields investigated were breakfast cereals, paper kitchen towels and national newspapers. These products were selected to reflect the full range of levels of consumer involvement to be found in grocery brands; from low (kitchen towels) to high (national newspapers). We have shown in our earlier work that there is a significant difference in the levels of involvement between these product types (see Authors (1994a)).

Target Consumers: Sample Size and Profile

Since our primary interest here was to develop theory about the relationship between attitudes and behaviour, we did not specifically need a sample that was representative either of the country or of usage levels of specific brands. Our objective was to recruit a sample that reflected a cross section of shoppers that spanned the main demographic variables. A clustered, random-sampling technique was employed and the new town of Milton Keynes was targeted for recruitment. Milton Keynes is unusual in that each area and road contains housing of all types. The planner’s objective was to achieve a stable mixture of social classes in all areas and data from the MKDC* shows that this has been achieved to a large degree. In addition to the newly developed parts of Milton Keynes, the town also incorporates many of the original village communities that existed before development began, such as Wolverton. Thus by using clustered random-sampling, it is relatively easy to achieve a sample that is representative, at least on social class and housing type. Milton Keynes had the added advantage of being close to the university campus where the researchers were located.

Clustered, random-sampling has the advantage of allowing the random selection of respondents whilst ensuring their close physical proximity (Lehman (1989)). In this research, the technique was operationalised by selecting random areas from Milton Keynes and then, within each area, individual streets were chosen on a random basis. An attempt was made to recruit all the householders in each selected street for the panel. Out of the 113 Milton Keynes areas, eight were selected for recruitment and three to four streets in each area were used.

Our aim was to recruit 200 respondents onto the panel and to record their purchases in at least two of the three product categories to produce an effective sample size of between 400 and 600. This sample is greater than one might expect for a study of this type due to our earlier requirement of using LISREL for structural equation analysis.

* Milton Keynes Development Corporation
Fieldwork

In each of the selected streets, a "warmer" letter together with a one page flyer giving details of the panel study was posted through the letterbox of each house. A personal visit was then made to each house the following day. If the householder was out, a re-visit was scheduled for a different time of day. All obliging householders who had bought and used at least two of the product categories during the last month, were recruited onto the panel. Upon recruitment, each member was given a starter pack which consisted of the first questionnaire, first diary sheet and detailed instructions about being a panel member. At the recruitment visit, details of how to complete the questionnaire and diary sheets were explained to the respondents. A total of 800 "warmer" letters were sent out and each of the households were subsequently called on. Of these 540 were contacted successfully and 298 agreed to participate in the study. Two hundred and twenty two actually returned their first questionnaire and 207 remained at the end of the recording period. From this sample 191 provided usable responses giving an effective sample size of 463 throughout the recording period. Recruitment took place over the four weeks 24th June to 21st July 1991. Responses from the first two diary sheets were discarded (since the full panel had not been recruited) which left us with data from a further eight diary sheets or sixteen weeks of full panel data.

In the self completion questionnaire administered at the beginning of the panel recording period, we elicited information about current brand usage, stated preferred brands and background information on shopping behaviour and demographic information. Also included in this questionnaire were fourteen items to assess involvement and two further items specifically on brand commitment. One of the two commitment scales follows Traylor (1981) and is a simple 5 point scale, the other is a modification of the scale used by Cunningham (1967), which was used because it expresses the psychological construct of commitment but sets it in a behavioural context. Details of the measurement principles and reliability tests of the scales used can be found in Author (1994) and Authors (1994a).

In the sixteen week period following the initial survey, participants were required to record information about their purchases of all brands from the three product categories in diary sheets on the day of purchase. At the end of the two week diary period respondents who had changed brands within a category were requested to provide reasons for their switching behaviour. Due to the large choice of brands within each of the categories, a free response format was used so that the diary sheets could be kept as simple as possible. Data from the diary sheets was recorded onto a computer database as the panel progressed; the data base was also used to track diary sheet returns and to signal the need for additional calls to be made on respondents who failed to make a return.

Analysis

Given the definition of brand loyalty identified above, it was necessary to develop a measure of brand buying behaviour that reflects the degree to which purchasing within a product category is devoted to a limited set of brands from a greater number that are also available. Using data on respondents' purchasing throughout the full sixteen week recording period, such an index can be derived which was expressed mathematically as follows:
Brand Support Index = \[
\sum_{\text{Brand } n} \left\{ \frac{(\text{Purchases of brand } n)^2}{(\text{Total purchases of product})^2} \right\} \log^* (\text{total purchases})
\]

The inclusion of the log total purchases function in the equation is to introduce a sense of "length of run" and to reduce the weighting of those respondents who purchased relatively infrequently during the recording period. This is because over a short recording period, such as the 16 weeks in this test, it is not possible to determine whether these few purchases truly represent devotion to a limited set of brands.

Based on aggregate data across all product categories we have already noted that the linear relationship between brand commitment and our index of brand support was relatively weak. The amount of variance explained in each individual product category varied being highest for newspapers and almost negligible for kitchen towels. Intuitively this is surprising - if consumers express commitment to brands we would expect them to purchase them (indeed, achieving positive discrimination to ones brands through commitment is the rationale behind most branding [McWilliam 1992]). However, this result suggests that there are reasons other than commitment that lead to the repeat purchasing of a limited number of brands.

If brand commitment and support for each respondent is plotted in matrix format one can see why the linear relationship is so weak. Although there are some respondents who fall on the straight line between low commitment / low support and high commitment / high support, there are a significant number who lie outside this area (see figure 2). Using the aggregate data across all three product categories, the matrix approach was used to identify groupings of cases using a simple K-means clustering procedure. Four clusters were specified in order to identify patterns outside the straight line of the linear relationship. The clustering procedure was carried out using SPSS quick-cluster. Conveniently, this provided one cluster in each of the four corners of the commitment-support matrix.

Insert Figure 2: Commitment-Support Matrix

The characteristics of each cluster and number of respondents in each is outlined below:

Cluster one, high commitment / high support contained 72 cases.
Cluster two, low commitment / high support contained 34 cases.
Cluster three, high commitment / low support contained 180 cases.
Cluster four, low commitment / low support contained 177 cases.

The switching motivations recorded by individual respondents were then cross tabulated for each of the four clusters. A summary of the results of this analysis is shown in table 1. In addition we have also reported the mean levels of product involvement and brand risk for

* The log item is included to increase the weight of individuals who purchase a limited number of brands with high purchase frequency and reduces the weighting of low frequency purchasing within the choice set to introduce a sense of "length of run" over the measured time period.
each of these clusters (table 2). All our analysis of switching and means was undertaken using SPSS for windows version 6 and our interpretation of the behavioural motivates for each cluster follows next.

**Insert Table 1: Reported Switching Motivations by Cluster for Total Sample**

**Interpretation**

Even with the relatively large sample in this study the number of switches that took place during the panel recording period was limited. However, there are substantial differences between the recorded motivations for each of the clusters which provide enough information to name the clusters and to gain an insight into the behaviour of respondents within each. The proposed cluster names (drawn from these data and their logical position on the dimensions) are shown in figure 2.

There are some very interesting differences in the saliency of the alternative switching motivates between the groupings shown in table 1. For both the "Loyal" and "Habitual" classifications, the "out of stock" situation was the most likely switching motivate. For the "Loyal" classification the only other major switching motivate was "product quality or features". For those classed as "switchers" there are many different reasons for switching, the most salient being children's influence, price and variety. Not surprisingly, variety seeking is the main switching motivate of the "Variety seekers", children's influence was also high for this group.

There is an underlying consistency in the interpretation of this data that suggests that the clusters do, indeed, have a meaningful interpretation and this mapping approach provides a more useful method of interpreting the relationship between commitment and behaviour than the linear analysis.

Referring to our earlier analysis (Authors, 1994b) we determined that the only antecedents of brand commitment that were significant among these grocery brands were product involvement and brand risk (in our model these antecedents operated through the intervening variable of brand involvement). Product involvement refers to the extent to which the product class is motivating for the consumer, whilst brand risk refers to the risks associated with making a poor brand choice (ie. dissonance post- purchase), these constructs were measured with a total of four items in the initial self completion questionnaire. In table 2, we now report the levels of these two key antecedents by cluster.

**Insert Table 2: Mean Levels of Brand Risk and Product Involvement by Cluster**

In summary the table suggests:

**LOYALS:** High product involvement, Moderate risk

**HABITUALS:** Low product involvement, Low risk

**VARIETY SEEKERS:** Moderate product involvement, Moderate risk

**SWITCHERS:** Low product involvement, Low risk
This implies that the risks associated with moving out of a brand are key to developing brands whose customers are "loyal" in any enduring sense. Product involvement is also important in this respect, but it is more difficult to see how this antecedent could be manipulated to the advantage of a specific brand. These results clearly provide clues for marketers interested in ensuring consumer satisfaction and for developing appropriate advertising for grocery brands. The implications of this are developed further below.

Implications for Strategic Marketers

Like many researchers and theoreticians in the past, we designed our research with a view to pursuing the determinant causes of brand loyalty. This proved to be rather an optimistic goal. Consumer behaviour is a complex phenomenon and people behave differently when purchasing different products. Certainly, we found a limited relationship between commitment and repeat purchase which may provide clues as to how to increase "loyalty". However weak the relationship between involvement and loyalty, might be, it is still an important one to understand because these "loyal" customers account for a disproportionately large volume of sales. For example, our research has shown that the 47% of newspaper purchasers in the "loyal" cluster account for 60% of the sales. The full implications of this part of the work are discussed in Author (1994) and in forthcoming papers. However, the real contribution of the empirical work reported here does not derive from the causal analysis but from the identification of differing responses along the dimensions of commitment and behaviour. We now have four classifications of consumers which marketers can begin to approach in different ways. Whilst frameworks similar to this have been posited in the past (see for example Assael (1987) and Aaker (1991) "The Loyalty Pyramid", p. 40) what we present here is a framework based on empirical evidence which allows us to return to the strategic issues of brand management with rather more confidence.

For example, we have seen that the most likely cause of a change in brand purchasing in the "Habitual" classification is due to the "out of stock" situation. This is consistent with theorising on methods of extinguishing habitual responses (see Assael (1987)) i.e. the removal of the habitual choice. For this segment of consumers, it will be clear to the marketer that maximising distribution will be critical to the success of marketing strategy. Aaker (1991) states that "A set of habitual buyers has considerable value because they represent a value stream that can go forward for a long time". This is only true if steps are taken to guard against the loss of such customers. Our work implies that the key to achieving this is very different to building brand loyalty, per se, and rests with removing the opportunity to switch out of the brand by closing distribution gaps. In our consultancy work we have come across a significant number of grocery brand categories (such as instant coffee) where distribution in peripheral outlets (i.e. outside the mainstream supermarkets) is even more critical to a brand's share than one might imagine because they seem to have a high number of habitual purchasers. The opportunities to switch out often occur at the "edges" of distribution and, although low distribution in such outlets may yield only a small reduction in sales in the first instance, subsequent repurchases of the alternative brand (even when the original first choice is again in stock) become a strong possibility. The key here is for marketers of grocery brands to understand that high repeat purchase rates do not necessarily reflect what we would call high levels of brand loyalty. Using national TV advertising or other brand building techniques should therefore not be the primary focus of maintaining this type of brand equity - unless (as is often the case) it is needed to justify distribution gains with the retail trade.
In contrast high distribution may play a less significant role in retaining variety seekers. Our results imply that sampling an alternative product may not lead to anything more than temporary defection. A more important cue for variety seekers is the provision of choice within the umbrella brand. Here, the role of the brand is to provide assurances about quality whilst still allowing the consumer choice - a factor which companies such as Kellogg's certainly seem to have capitalised on. For the loyal segment, it appears that more conscious mental processing is still important and modifications of the product which trigger this will be more relevant (we will have more to report on this issue in forthcoming papers). For both "Loyal" and "Variety Seekers", the levels of product involvement are relatively high which implies that rational advertising messages may be appropriate, even in grocery markets. For the "Loyal", advertising certainly has a role to play in increasing the risks associated with moving away from the brand. For the grocery products we have studied here the risks in question appear to be entirely associated with product performance, but other authors have reported on FMCG products where emotional benefits are important. For example, Beatty and Kahle (1988) report that connections between consumers' life experiences and their use of soft drinks are important in establishing commitment to specific brands. This will be no surprise to those familiar with the often-quoted case of Coca-Cola's attempt to introduce a new variant of Coke in the USA.

Finally, it should be recognised that within the loyal classification where purchasing portfolios are smaller, distribution again seems to play an important role. Out of stock occurrences can cause even loyalists to switch brands. In an earlier study of stock-out situations, Schary and Christopher (1979) observed that more brand loyal consumers chose to switch brands rather than to delay purchase until their next visit. Whilst the other factors we have described are also important, marketers should not underestimate the impact of experiencing an alternative brand!

The switchers category is perhaps the most difficult to target; price, variety, store choice and children's influence all seem to play a role. A combination of various tactical promotions may be the best suggestion we can make. However, given the nature of the consumer group, these would have to be viable on the basis of a single sale or provide some additional advantage to customers in the other clusters where a longer run return could be expected.

The position in the matrix of the majority of consumers at product category or brand level provides a valuable contribution to the understanding of consumer behaviour in the market. For example, in our research we found that newspaper purchasers were over-represented in the loyal cluster, breakfast cereals in the variety seeker's cluster and kitchen towels in the habitual cluster. It may also be possible to target the remaining customers in the other groups separately. The success of the latter approach is, of course, dependent on finding secondary variables (eg. demographic or lifestyle variables) which are related to the clusters and can be used for targeting marketing effort eg. advertising and database marketing.

Implications for Brand Equity

The role that brand loyalty plays in measuring brand equity seems to vary considerably. Farquhar (1989) refers only to "favourable brand attitudes", whereas other authors (eg Aaker (1991), Kapferer (1992)) attach a much more important role to the behaviour. It is, of course, only ever a partial measure; a brand can have equity for many reasons other than its ability to achieve high repeat purchase rates. For example, because of the brand's ability
to achieve a price premium over competing products (Yasin, 1995). However, brand loyalty certainly seems to be a key variable for management interested in the value of brand equity when measured from a consumer perspective rather than from the finance side. Our research findings therefore must raise questions in the minds of those interested in the value of their brand. For example, which is the more valuable: a brand with a high level of habitual buyers or one with a high core of loyal customers? Aaker considers that the committed, loyal buyers to be the most highly valued; this probably stems from the desire to treat direct marketing investments (e.g. advertising) as assets rather than costs which is fundamental in the management of brand equity (viz Kapferer (1992)). However, if one applies the principles we have outlined above, there is no reason why the habitual consumers shouldn’t be just as valued and long-lived as the loyals. In this case, the marketing investments are just as valuable but operate through the ability of the brand management to gain and hold distribution. This is a subtle but significant difference since the ability to distinguish the reasons for brand strength that our approach provides must surely arm the would-be brand purchaser with improved information over traditional measures of brand strength such as share and sales volumes. Ambler (1995) in his discussion of brand equity and relationship management has recognised this need to take a more holistic view of the value of the brand which is grounded within a marketing rather than finance framework. Our approach may provide the roots of just such a framework within FMCG markets.

Limitations, Research Directions and Concluding Remarks

We have suggested in this paper that it is more useful to examine "brand loyalty" in the context of brand commitment and brand support with both as necessary and sufficient conditions for loyalty to exist. This approach allows marketing management to target marketing activity according to the behavioural style of his customers rather than simply to focus on increasing "loyalty". We have shown through empirical evidence that the four segments defined in our cluster analysis have different switching behaviours and have suggested alternative strategies for reaching each of these.

Clearly, there is significant work still to be done in clarifying the impact of these findings at the individual brand level and in the measurement of brand equity. The sample resources we had available in the reported study were limited in two respects. Firstly, we only collected data in three product categories and secondly, the sample is not large enough to isolate the specific differences between brands within the product fields. Further work also needs to be done to determine whether it is consumers who behave differently per se (i.e. whether there is a tendency for "loyal" consumers from one category to be loyal in other categories) or if behaviour is solely dependent on the product category.

The current work provides most guidance to those managing mature brands which is a significant contribution considering that over half the current top fifty brands in the UK were launched in the 1950s (Brady & Davis 1993). However, one further fundamental point is to consider the matrix in the context of the brand building process. Research which could begin to unravel this would be a long term longitudinal gains / loss analysis to identify whether one can effectively influence the position of consumers in their approach to purchasing (i.e. if customers can be moved from one cluster to another) or whether one must accept the behavioural style of customers as fixed and should simply target marketing effort accordingly.
Finally, marketers might also like to consider using our mapping approach to help focus their marketing research efforts by consumer. We have been developing the matrix as a means of guiding decision making on where certain strategic analysis techniques should be directed and applied. For example, for product categories whose consumers fall mainly into the loyal classification, cohort analysis can identify how to target marketing effort towards the most important age groups. This type of analysis would be less appropriate to the switcher classification because consumers never develop "loyalty" and are unlikely to carry their allegiances to a brand throughout their lives. By analysing distribution profiles it is possible to help guide improvements in targeting distribution within a portfolio of brands to optimise sales in product categories where many of the consumers are habitually driven. Similarly, we are developing models to reveal the response of consumers to promotions which is particularly relevant to consumers in the "switcher" and "Variety seekers" categories. These are only three examples of research techniques which could be applied to the different segments. Equally, research into other marketing mix variables could be appropriately targeted using our framework.

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REFERENCES


Table 1 - Reported Switching Motivations by Cluster for Total Sample (n=463)

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<td>8.3</td>
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<td>55.6</td>
<td>27</td>
<td>56.3</td>
<td>26</td>
<td>13.1</td>
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<td>39</td>
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<td>19</td>
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<td>100</td>
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Table 2 - Mean Levels of Brand Risk and Product Involvement by Cluster

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<th>Cluster</th>
<th>Loyals</th>
<th>Habituals</th>
<th>Variety Seekers</th>
<th>Switchers</th>
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</tr>
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</table>

(* = significant difference at p = .05, n = 463, All items recorded on 7 point agree/disagree scale)
Figure 1 - Schematic of Involvement / Support Model (Involvement Sources and Forms follow Mittal & Lee (1989))
Figure 2 Commitment-Support Matrix

Markers Represent Cases (n=463)