Issue #01 - March 2019

TRIBES

Exploring the connection between political, social and brand loyalty

THE MYTH OF INDIVIDUALISM

It is widely accepted that individuals have agency over their decisions, but research suggests that group identities may have a larger role to play.

RE-FRAMING LOYALTY

Influencing customer loyalty is a popular topic, and rightly so, but what if loyalty is a predetermined trait that can't be influenced, what then?

flexMR

This special report from FlexMR explores the connection between political, social and brand loyalties, including the implications, opportunities and threats this poses to modern researchers & marketers.

Foreword

Brands are obsessed with customer loyalty, and rightly so, but what if it's a predetermined trait that our actions have little influence over - how does a brand win loyalty then?

In a modern, competitive marketplace, consumer preferences can change on a whim. Technology is the catalyst that is relentlessly accelerating the pace of change - leading to new products, new behaviours and new brands that threaten even the very existence of their predecessors.

Loyalty is a marketing metric that is given a huge amount of attention in boardrooms as the key to both growing a new brand and defending against decline. Yet, this report challenges the very heart of such thinking. It calls into question how much loyalty can be influenced, and how much it is determined by the predisposition of the customers a brand attracts. Crucially, it highlights the opportunities open to brands that re-frame loyalty in this light.

Paul Hudson, FlexMR CEO

About this report

This report has been produced by FlexMR to challenge the assumptions around consumer loyalty.

In these pages, we will explore the new opportunities available to brands seeking to better understand and connect with their customers.

A word from the editor

Despite its role in breaking down organisational silos, research itself is often limited to a political, social or commercial stratum, when there is much to be learned from identifying patterns across all three groups.

When we set out to learn whether there are similarities in how people made political, social and purchasing decisions, we weren't really sure if we would find an answer.

But we did. And what a fascinating answer it is. We found that underneath the most divisive event in recent British memory - the Brexit referendum - were not just different political views, but two distinct groups that make decisions differently.

If we remove any political labels, we're left with one segment of people that we expect to be a loyal consumer or voter because their political, social and consumption decisions are tied more greatly to their identity.

On the other hand, we observe a second, more transient, disconnected group that are able to change their mind more readily because their decisions are not being absorbed into the personal identities.

This calls massively into question how much brands can do to influence loyalty, and how much is a predisposition.

Throughout this report, we'll explore the similarities and differences between these two groups, the implications for how brands discuss loyalty and the opportunity that these findings present.

Christopher Martin, Editor


THE NORTH FACE

The myth of individual identity

Modern marketing places individuals in the spotlight, often overlooking the role of groups, or tribes, in shaping identities. It's time to recognise this imbalance and tap into the complex, but rewarding, power of groups.

Identity, as a philosophical concept, is a distillation of all the characteristics and attributes that make up what something is. Every person alive has a view of their own identity, formed through beliefs about the self. Even if not actively considered, it is still fundamental to the actions a person takes and the beliefs they project onto the world around them.

In an active capacity, identity is built and displayed by the political, social and consumption decisions that are made on a daily basis – to name a few.

The religious ideology a person associates with, the way in which they interact with a political system and the purchases they make are all building blocks that underpin both an internal view of the self and a projected version.

Though rarely spoken about in marketing departments, let alone boardrooms, understanding the interplay between a brand and the relevant facets of an audience's identity is what determines success or failure. The same is true of political campaigns and social relationships – even if these mechanisms are primarily subconscious.

Society relies on individual identity to function; to form and dissolve groups, to determine the winners and losers in the commercial battleground and to collectively distribute power across social institutions.

Loyalty, the subject of this report, is a massive part of what makes and breaks collective identities. How long does a person support an idea or brand that they no longer feel attachment to? How much cognitive dissonance does it take to break apart loyalties?

Marketers, in particular, have few ways of measuring loyalty – often looking to behavioural patterns of repeat or continued purchase behaviours. But such measures gather only a superficial version of the story. To truly be loyal to anything, it must be internalised as part of a person's identity. When looking at the relationship between loyalty and identity through this lens, a much more fragile image of political, social and brand associations begins to emerge.

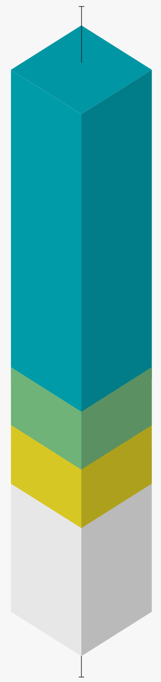
Collective Identity

To really understand the role of individual and group-based identity, it's important to look at two questions. First, how much does a person believe their own personal identity influences their decisions? And second, how well does this correlate to the decisions they make?

To find the answer, FlexMR asked voters in one of the most divisive events in recent memory, the Brexit referendum, to weight the various factors that influence their political decisions. Both Leave and Remain

THE MYTH

How political beliefs are formed



Household voting patterns in the 2016 Brexit referendum

Despite displaying different opinions in the referendum, both Leave and Remain voters display identical compositions of beliefs and behavioural dissonance.

voters averaged almost identical responses. The most significant factor in influencing political opinions (56.5% to be precise) is “personal views and beliefs.” Following this, both weighted at 10.2% were “family and friends” and “TV news.”

In total, these three factors make up over three quarters of an individual’s political beliefs. However, there is a significant gulf between the weight a person gives to their own views, and the next most important factors.

But, perhaps more interestingly, this does not line up with behavioural data gathered in the same survey. When asked how members of their household voted in the 2016 referendum, of those that were aware of how their household voted, 4 out of 5 state that everyone in their household voted the same way.

Similarly, a significant proportion (27.8%) of voters state that they always vote the same way as their parents. Considering these two voting habits, the weight given to family and the weight given to personal views seems unlikely to be accurate. Perhaps, it would be more accurate to state that while voters believe in autonomy, family exerts more influence than they recognise.

The Weight of Decisions

The role of family becomes even more prominent when asking the same group about consumption and purchasing habits. The factor most likely to convince both Leavers and Remainers to try a new, unheard of brand is their family using it.

This was tested across a low value FMCG purchase (breakfast cereal) and a higher value service (core banking). The result was the same across both categories. Leavers and Remainers would both be over 25% more likely to try either new brand if their family was already using or buying it. This, in both categories, was followed by friends, and then positive views and positive press coverage.

The groups surrounding an individual have a high degree of influence over political, social and consumption decisions.

When asked how important different factors are to an individual's identity, "family and friends" were rated as very important most often (by 42% of participants). Only 8% rated family and friends as not important to their identity - suggesting widespread recognition of the importance of groups to identity composition.

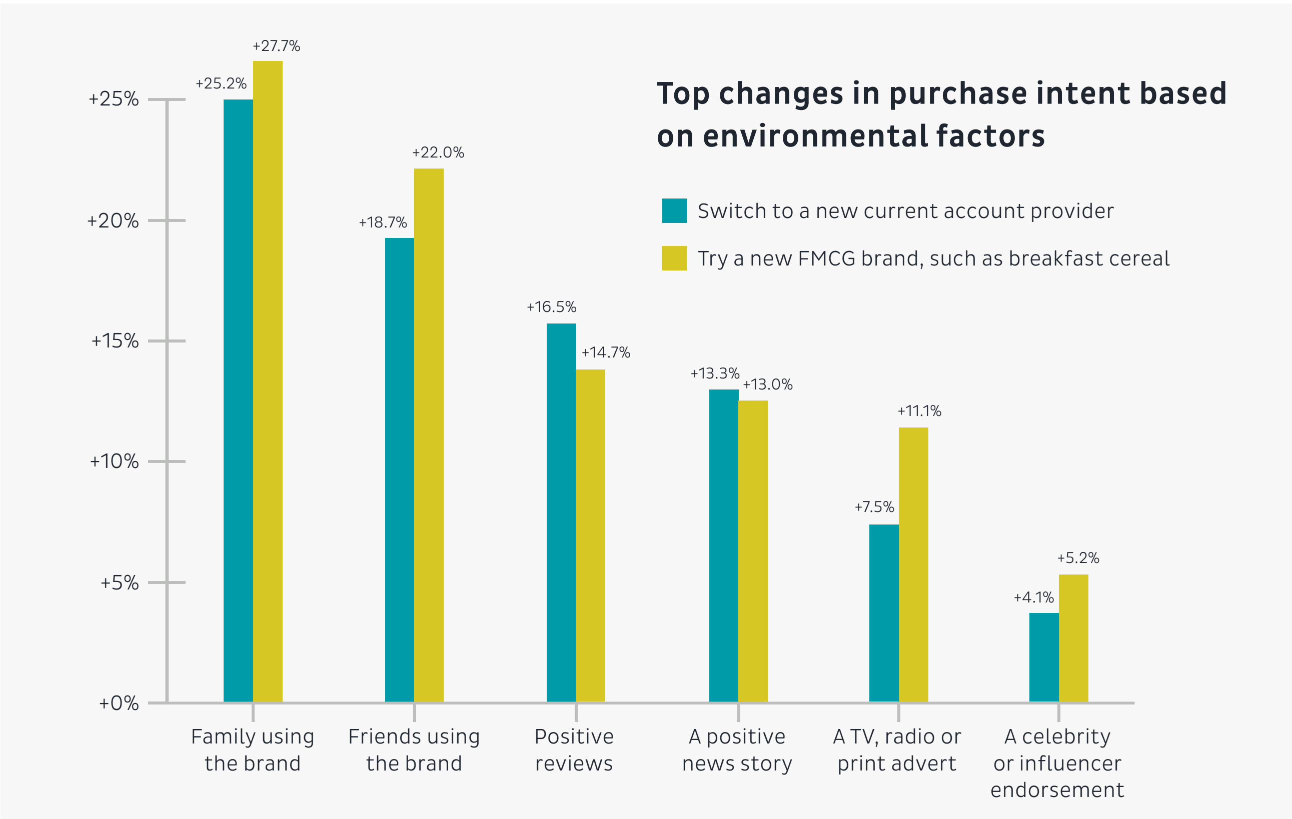
Together, these results highlight the underlying psychological mechanisms that influence

Brands have two options - leverage groups that already exert a shared identity or create a new one.

political decision making are also present when making consumption and purchasing decisions - because they form an integral part of a person's identity.

The results also highlight that while traditional marketing communication tactics still have a role to play, the larger opportunity to grow the share of a brand is to permeate group narratives – or even build one that can grow naturally through existing networks.

So, with a clear opportunity identified, the natural next question is: how can a brand use this opportunity? To answer that, the data FlexMR has compiled suggests that it is time to re-evaluate approaches to audience segmentation.



Politics, society and brands

In the modern era, a tribe is a group of individuals that form shared belief systems, such as families, pockets of political supporters and brand communities. It is this desire to be part of a group that drives much human behaviour.

The desire a person holds to be part of a group is a much more relevant measure of loyalty than behaviours alone. Behaviours are influenced by external factors such as convenience and psychological bias, whereas internalised beliefs are not affected by such factors.

A simple reading of this conclusion would suggest that the propensity to join and remain loyal to a tribe is universal. However, the data gathered by FlexMR in this survey suggests the answer may not be so straightforward.

In fact, a clean break emerges between the groups that voted Leave and Remain in the most divisive event in recent British history - Brexit.

If political labels are removed from these groups, instead referring to them as the Loyal (Remainers) and the Disconnected (Leavers), clear behavioural patterns pertaining to loyalty begin to emerge across their approach to politics, societal issues and consumption habits.

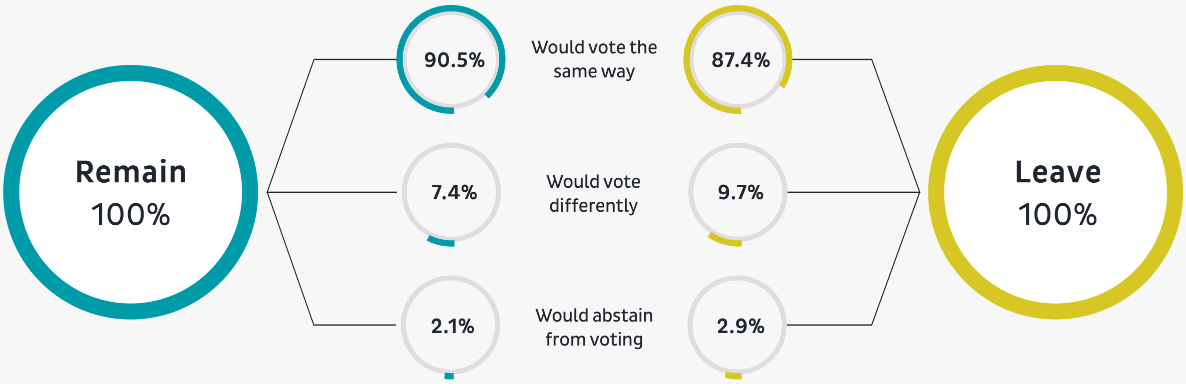
Political Loyalties

Out of those that voted Leave in the Brexit referendum, 12.6% (more than 1 in 10) would now either abstain from voting or switch their vote.

Out of those that voted Remain, only 9.5% would either switch sides or abstain. That makes Leave voters 33% more likely to consider changing the way that they voted.

Brexit Leave voters are 33% more likely to vote differently if the referendum was re-run in 2019 than Remain voters.

How Remain and Leave voters would vote if the 2016 Brexit referendum were to be re-run today



While the widely accepted narrative is that this is because of the merits of each option in the Referendum, this data suggests that Leave voters (or The Disconnected) are predisposed to be more likely and willing to change their mind on a topic.

Elsewhere in politics, this can be observed in the fact that Leave voters are 78% more likely to have voted for more than two political parties in their lifetime. This group are also less likely (by 5%) to have always voted for the same political party.

Additionally, Leave voters are 12.2% less likely to feel loyalty or allegiance to any single political party than Remain voters.

Across views on Brexit and partisan politics, this begins to build a picture of a group from which this segment takes their namesake - The Disconnected.

This is a trait also reflected in how actively Leave voters report to follow political events. 20% of Leave voters (1 in 5) do not actively follow political events, compared to a significantly smaller 12% of Remain voters. Even further evidence to support this hypothesis is provided by the importance each group place on consuming news from across the political spectrum. The Disconnected (Leave) group are twice as likely to not consider consuming news from across the political spectrum as important.

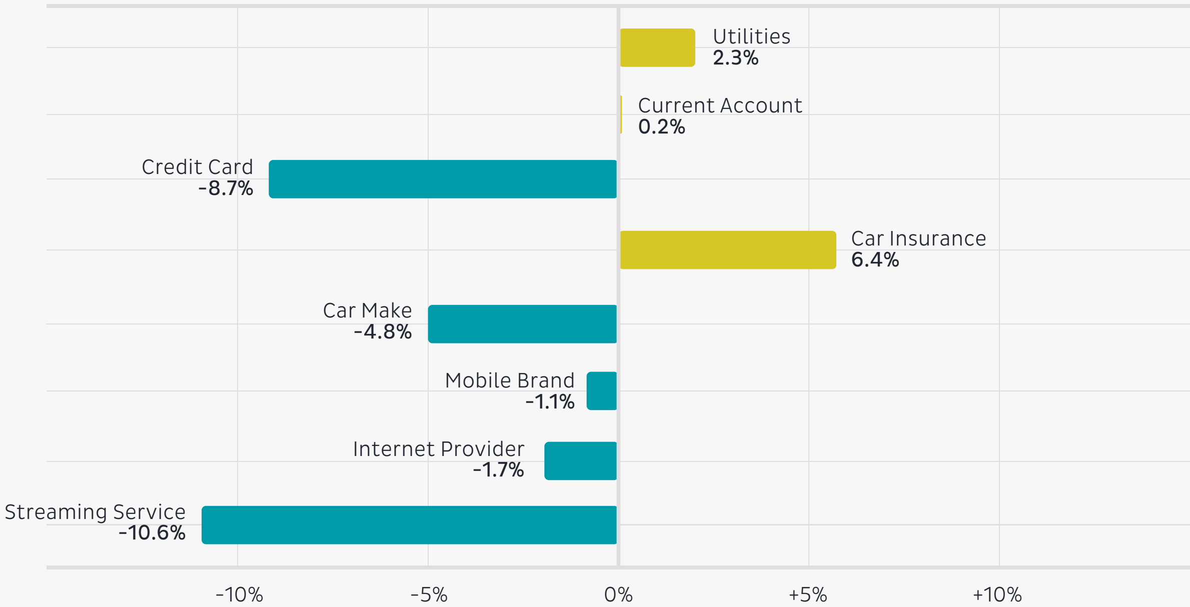
> Remain voters are not only more likely to feel allegiance to political parties but also, as a group, more trusting of all sources of political news.

Trust, particularly in media, appears to be another important factor. Leave voters are less likely to trust all sources of media; both mainstream and non-mainstream.

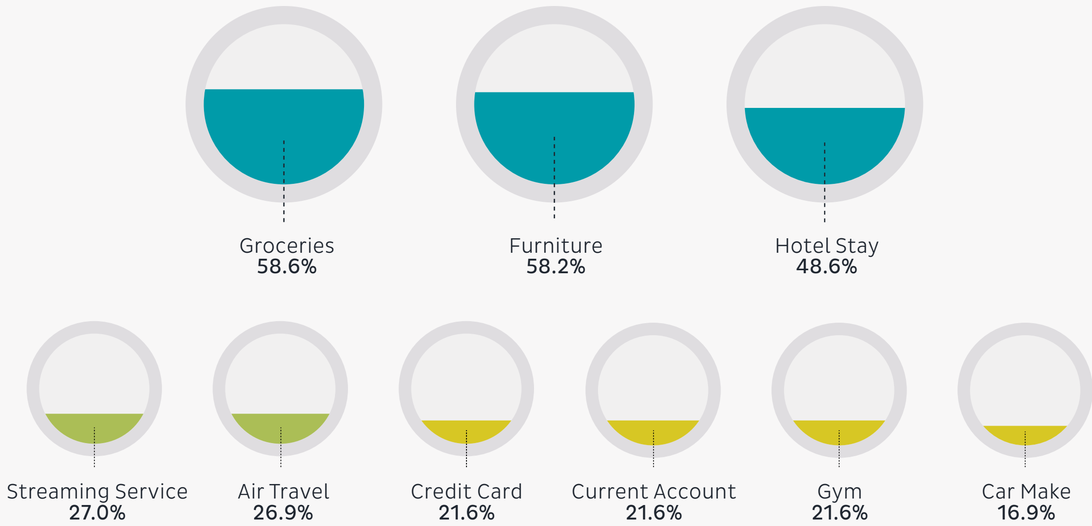
When asked to rate various types of news sources on a seven point scale, Leave voters were more likely to give a low score to all categories; mainstream TV news, non-mainstream broadcasts, newspapers, online only new sites, niche publications and independent bloggers.

CONNECTIONS

Likelihood of Remain voters switching brands/ providers in the next 12 months compared to Leave voters



Categories of goods & services consumers are most and least likely to trial from an unheard of brand



Remain voters appear to be more trusting of all news sources, both niche and mainstream.

Across both groups, one trend remained constant; newspapers and televised news were rated more trustworthy than niche and online sources.

Purchase and Consumption Habits

It's not just politics where these tendencies are on display. However, digging to the root of loyalty and connection with a brand is no easy task. To find out how connected each group felt to their choice of brands, this survey asked both how likely individuals were to switch over the next 12 months and whether they had in the last 3 years.

Remain voters are also 8% more likely to try a new product or service from a brand they have not heard of before. This was measured across a total of 13 categories that broadly covered the industries of financial services, household goods, FMCG purchases and hospitality.

Out of all 13 categories, there was only one Leave voters were more likely to try - broadband, by a slim margin of 1%.

Notably, similar to propensity to remain with or leave a brand, the likelihood to try a new brand grows and shrinks equally across both groups evenly depending on category and risk associated with failure or dissatisfaction in the category and knowledge in that domain.

A clear pattern of behaviour not only underlines how The Loyal and The Disconnected approach politics and societal institutions, but how each group interacts with brands. While the former are more likely to remain with a product or service over a long period, the latter are pre-disposed to trying a greater amount in a shorter timeframe.

Averaged across all 8 categories of goods and services (utilities, current account, credit card, car insurance, car manufacturer, mobile phone manufacturer, internet service provider and entertainment streaming services) - Leave voters were both more likely to have switched and intend to.

That's not to say, however, that there were not common trends. The overall propensity to switch varies greatly by category. 91.8% of all respondents plan to remain with their current account provider for the next year.

However, only 65.9% (less than two thirds) plan to stay with the same car insurance provider for the same period. Despite these variations, there is still a marked difference in how likely Remain voters and Leave voters are to have left and plan to leave their current product and service providers.

While Leave voters are more likely to leave a brand, Remain voters are more willing to try something new.

For example, 58% of research participants were willing to try a furniture brand that they had not heard of before, compared to only 17% willing to try a new make of car. Financial services - specifically credit cards and current accounts - also scored low, with only 22% of respondents willing to allow an unheard of financial institution supply them with either of these.

Finally, the survey also looked at a different measure of loyalty - not just how purchasing habits change over time, but specifically how long each group would be willing to tolerate a consistently poor experience from a brand they are a customer of.

CONNECTIONS

Loyalty is fickle. Three out of five consumers would give a brand they have been a customer of for a decade less than 6 months to rectify a consistently poor experience before leaving.

While no brand should ever aim to deliver a poor experience, it is still a useful measure of loyalty and how well embedded a product or service, and what it represents, is embedded into a consumer.

Perhaps most surprising, and concerning for brands, is the finding of just how fickle customer loyalty is. 60% of consumers would not stay with a brand for longer than 6 months if they were receiving a consistently poor experience - even if they had been a customer for over a decade.

This rises to 72% of customers that have purchased from a brand for one year. However, in this scenario, 35.5% (more than 1 in 3) would give the brand less than a single month to rectify a poor experience before leaving.

On average, it would also appear that Remain voters are more likely to give a brand more time to rectify their mistakes. After being a customer of a brand for a decade, 38% of Leave voters would give a company longer than six months, compared to 43% of Remain voters.

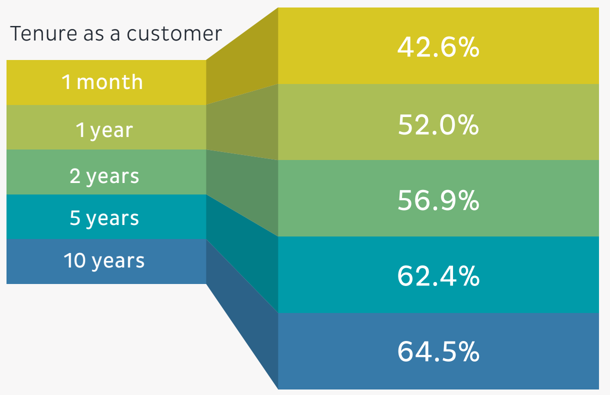
The difference between the leeway that The Loyal and The Disconnected segments give a brand, however, shrinks the less time a person has been a customer.

After purchasing from a brand for ten years, Remain voters are likely to give brands more time to fix a poor experience.

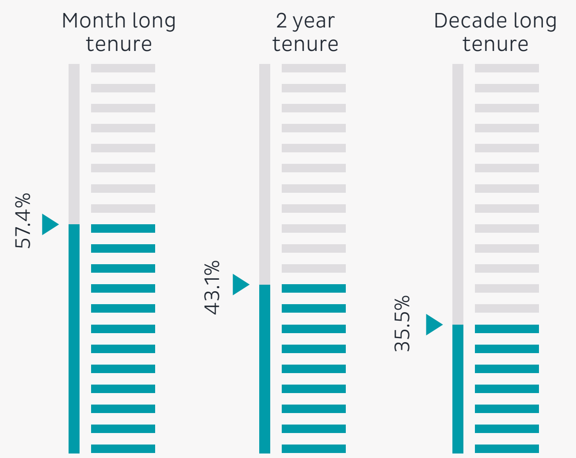
Almost one in three customers (30%) across both segments would only give a brand a week to fix a poor experience if they have been a customer for less than a month. So, while these segments may have an influence, both continue to build trust over time.

The key takeaway for brands from this story should be not to take customer loyalty for granted. It is a finite resource and poor experiences will not be tolerated.

% of customers willing to give a brand longer than a month to fix a poor experience



Percentage of customers that would leave a brand within a month of a poor experience



Motivations and behaviours

Loyalty and trust are more than skin deep. The differences between The Loyal and The Disconnected segments are not just reflected in behaviours, but beliefs and identity too.

So far, the data presented in this report has identified two distinct segments that display different behaviours. The differences between The Loyal and The Disconnected were best exemplified by the 2016 Brexit Referendum. However, tendencies and behaviours displayed by each group are consistent across political, social and purchasing decisions.

The next logical question is to wonder what (if any) beliefs and motivations are driving these differences in behaviour? To find out, FlexMR asked participants a series of questions about their identity and the importance of various factors in their lives.

Building Identities

Remain voters, a proxy for The Loyal segment, were 35.5% more likely to state that their political beliefs are very important to their identity.

The result is even greater when asked about opinions on social issues. Remain voters were 46.8% more likely to state their opinions on social issues were very important to their identity. In fact, over 1 in 4 Remain voters believed this to be the case, compared to less than 1 in 5 Leave voters.

A similar pattern is also observed in relation to the importance of brands to identity. Leave voters were 12.5% more likely to state brands were not at all important to their identity on a 7 point scale.

Finally, Remain voters seem more likely to tie economic status and careers to their personal identity. This group were 18.8% more likely to believe economic factors had a medium to high impact on their identity and 33.3% more likely to believe the same about their economic status.

In summary, the picture this builds is one where The Loyal segment have a greater tendency to build their identity around the political, societal and consumption decisions they make. In light of their behaviour, it is fair to ask whether perhaps, the reason this group are less likely to switch suppliers, political views or regularly purchased brands is that it is more difficult.

After all, once an idea or object becomes more attached to an individual's identity, it becomes more challenging to separate, as identities are highly personal reflections of the self. To change viewpoints, or to switch brands, would require modifying an individual's identity. It is a distinct possibility that this segment appears outwardly more loyal due to their tendency to build their identities around such belief systems.

Leave voters, however, were more likely to state that connections to friends and family are very important to their identity than Remain voters. This raises the question of whether loyalty means something different to these two groups. And even whether

MOTIVATIONS

The Disconnected group are more likely to be influenced by their connections and personal relationships than others.

Differences in the likelihood to switch between beliefs and brands may be best explained by self-identity.

While this behaviour may make the group more susceptible to changing beliefs based on those around them, it also affords them the opportunity to switch between political parties, brands and social beliefs more easily because these are not so heavily tied to their identity and image of the self.

The data shows that both groups are more susceptible to adapting behaviours to the groups, or tribes, surrounding them than they may be consciously aware of. However, as family and friends are identified as more important to Leave voters' identities than other factors, this potentially also provides a network through which to access and trial new ideas.

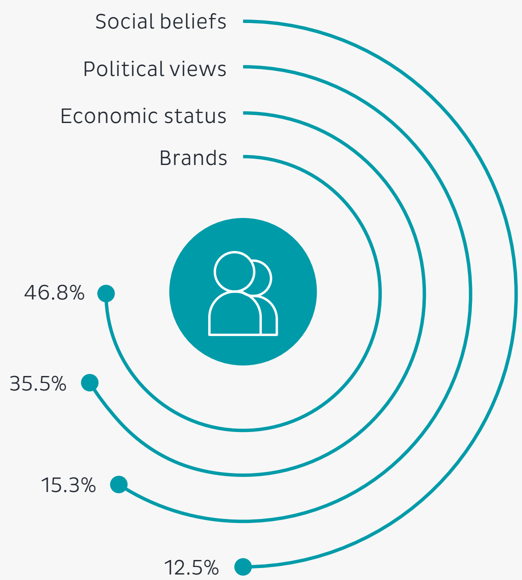
Perhaps The Loyal segment are less likely to change their behaviours because these behaviours and consumption habits are an important reflection of their identity.

The Importance of Context

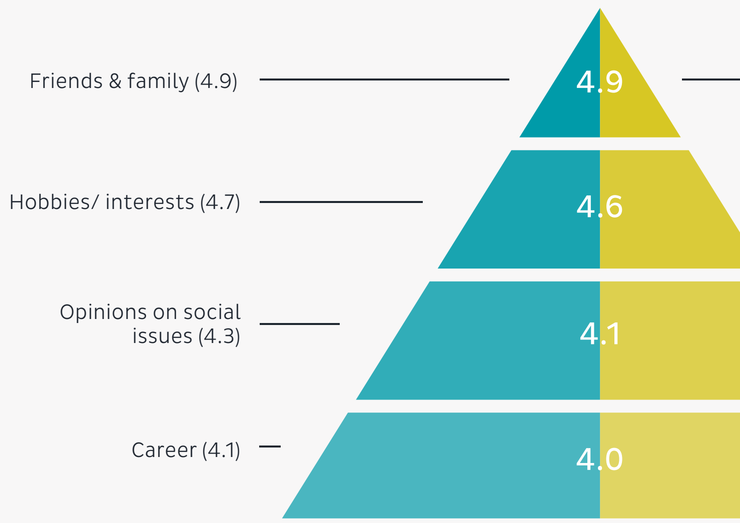
It is important, in this entire debate, to remember the context in which these differences emerge. Overall, across the whole sample, the aspects rated most important to identity collectively were: family & friends and hobbies/ interests.

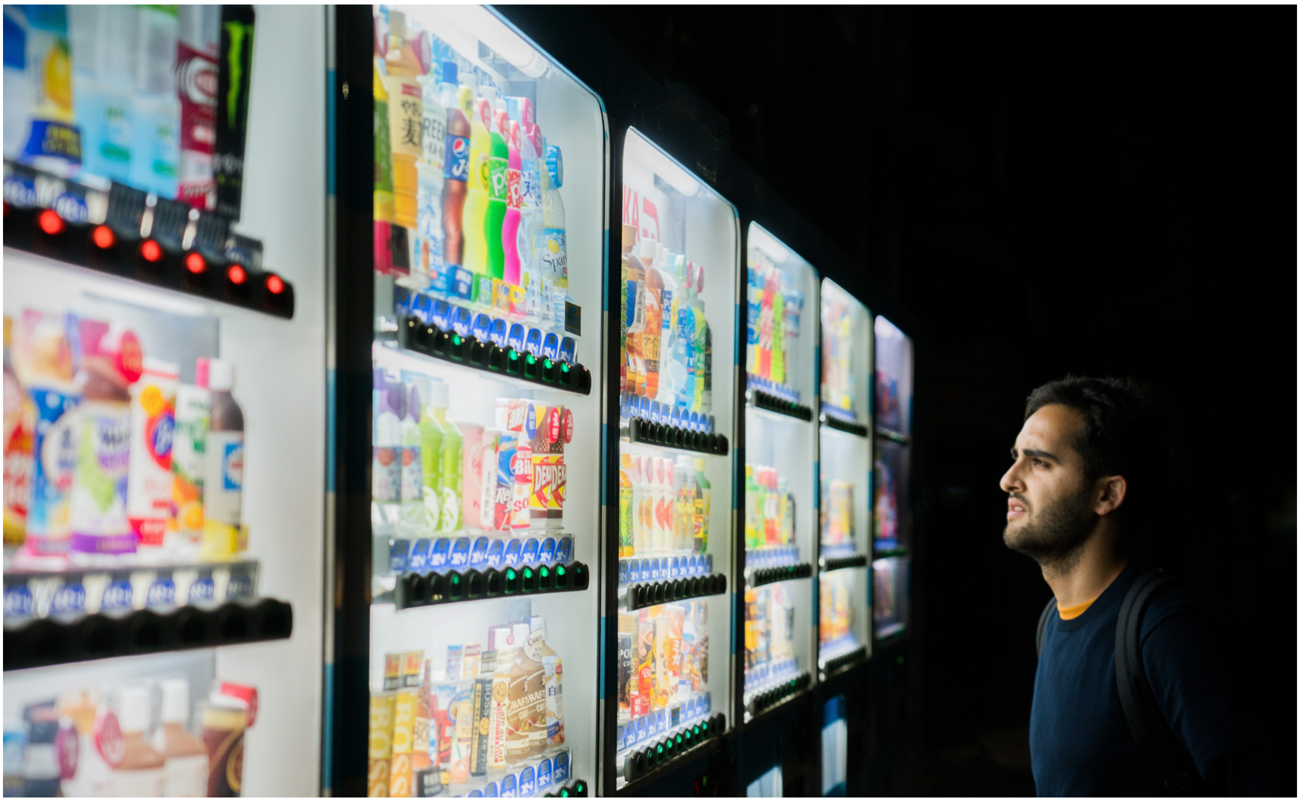
The aspects most likely to be rated as not at all important to identity were political views, brands and career. Between these sat opinions on social issues and economic status.

Difference between Remain and Leave voters considering a facet of identity "very important"



The most important components of self identity according to Leave and Remain voters





Overall, the most important aspect to a person's identity is their family and friends, followed closely by their hobbies or interests.

A question remains as to whether, and the extent to which, there is a dissociation between beliefs about the self and behaviours on display. Similar to the weight given to personal beliefs in the formation of political views, it is possible that respondents overestimate the importance of various facets of their identity.

To dig a little further and find out how these views of the self and personal identity are reflected in preferences and tastes, the survey asked participants a series of statements about themselves.

Across both groups, 2 in 3 (67%) of participants firmly agreed that they consider themselves to be a loyal person. Only 1% disagreed with this statement. Individualism also became an important topic, with only 3% and 5% of respondents strongly trusting the judgement of their friends and family over their own.

Perhaps most relevant to brands seeking to navigate the murky waters of loyalty and consumer belief systems were the findings around political viewpoints. While the majority (59%) of consumers

MOTIVATIONS

Consumers are more likely to be turned off by brands taking a political or social stand than actively prefer them.

had no strong opinions on brands that take a political stand, only 15% indicated that they actively prefer such brands compared to the 27% that strongly disagreed with this statement.

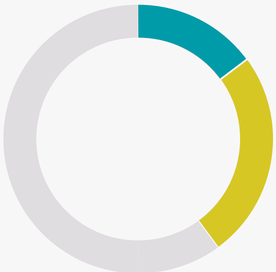
The results were almost identical for brands that agree with consumer's political opinions – with only 16% strongly agreeing that they had a preference for these brands, compared to 25% that strongly disagree with this statement.

Though the reward for brands that take a political stance may be small, data also suggests that the risk is equally small.

There are two ways that this result can be interpreted. The first is that there is little reward for brands that do take a political stance. However, the data also shows that consumers are just as likely to prefer a brand that takes a political stand of any kind, not just one that is in line with their beliefs – suggesting that in fact, there may also be little risk.

But there are also significant differences between The Loyal and The Disconnected segments.

Understanding the importance of loyalty, social and political beliefs to consumers' view of brands

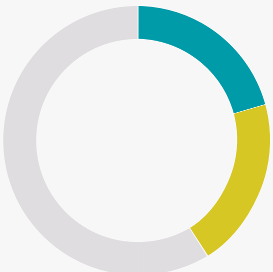


I prefer brands that take a stance on political and social issues

- Strongly agree (14.9%)
- Strongly disagree (26.6%)
- Neutral (58.5%)

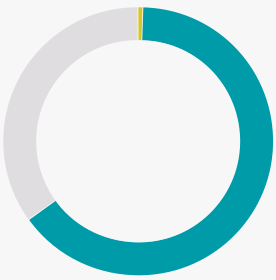
I prefer brands that agree with my political point of view

- Strongly agree (15.9%)
- Strongly disagree (25.0%)
- Neutral (59.1%)



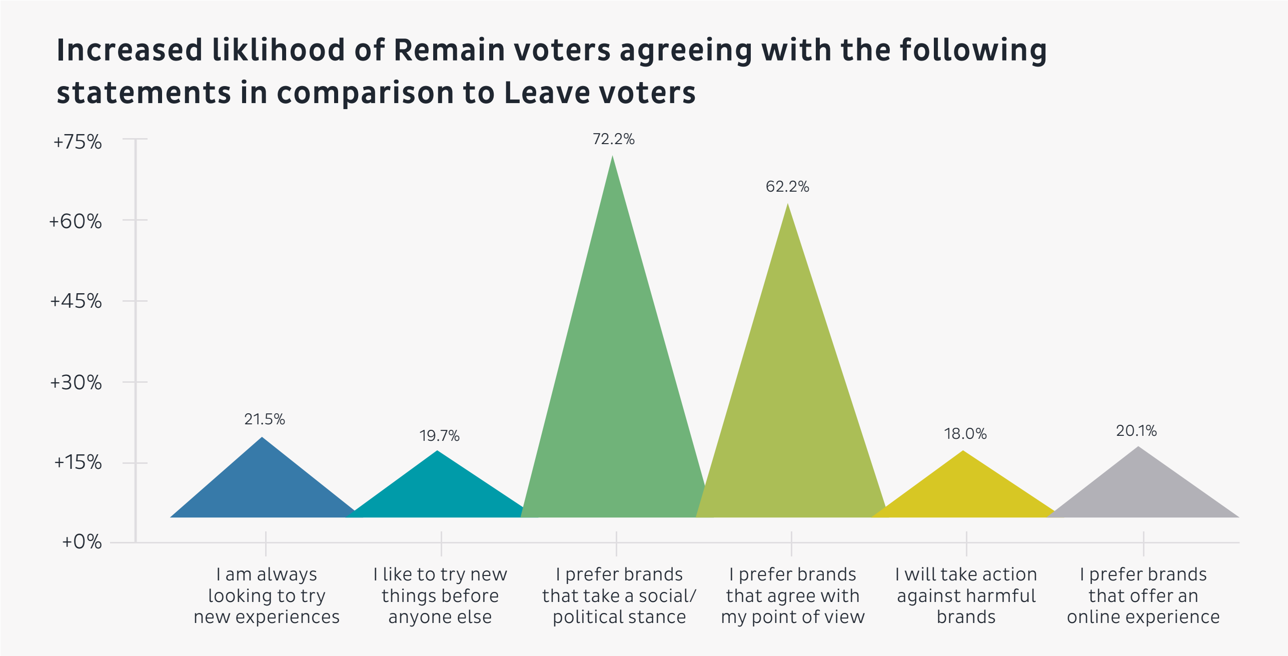
I will take action against brands that are negatively influencing social issues

- Strongly agree (21.8%)
- Strongly disagree (23.3%)
- Neutral (54.9%)



I consider myself to be a loyal person

- Strongly agree (67.1%)
- Strongly disagree (1.2%)
- Neutral (31.7%)



Connecting the Dots

Looking specifically at the question of whether consumers prefer brands that take a stance on social or political issues, Remain voters are 72.2% more likely to strongly show such a preference.

In contrast, this group is also 62.2% more likely to prefer brands that agree with their political beliefs. In fact, 1 in 5 Remain voters strongly feel this way. This supports the theory that this group more heavily connects brands and politics to their identity.

The same pattern emerges across brands that a consumer feels is negatively influencing the world around them. Remain voters are 18% more likely to take action against such brands. 1 in 3 Leave voters strongly disagree with this statement and are highly unlikely to take action against a brand for political or social causes.

There is also a difference in the percentage of Remain and Leave voters looking to try new experiences. 1 in 3 Leave voters strongly disagreed with the statement "I like to try things before anyone else." They were 47% more likely to strongly disagree with this notion than a Remain voter. Similarly, only 25% of Leave voters feel as if they are always seeking to try new experiences, compared to 31% of Remain voters.

Remain voters are over 70% more likely to prefer brands that take a political stance and over 60% more likely to prefer brands that agree with their points of view.

This suggests that The Loyal segment, represented by Remain voters, have a higher tendency to seek out new activities, experiences and brands. However, The Disconnected group are more reluctant, overall, to do so.

Such a pattern of behaviour reinforces the theory that The Disconnected are more likely to try multiple ideologies, brands and products because distrust and a reduced attachment to self identity are greater motivators than the desire to try something new.

Re-framing loyalty

If loyalty is truly about attitudes and beliefs rather than behaviours and actions, what can brands do to grow a loyal customer base – and is it even a goal that is worth pursuing?

It is clear that loyalty is a more complex topic than the culmination of behaviours. The length of time a person has been a customer of a brand is not a strong indicator of their future intent. The data presented in this report builds a compelling case for the extent to which consumers are willing to shop around.

Most modern loyalty schemes and strategies revolve around rewarding consumers for repeat purchases, or the length of time that a person has been a customer. While this may have the surface level effect of driving more purchases and the desired behaviours, it does not seem to have much impact on the extent to which a person feels loyalty for a brand.

As comforting and tempting as it might be to think that customers are loyal to their choice of brand, the reality is much more stark. Consumers, across both segments are predominantly driven by price.

In fact, more than half (52%) of all those that took part in this survey stated that price was the most likely reason for them to remain with a brand. Similarly, price was also cited as one of the top 3 reasons for leaving a brand in 82% of cases.

Comparatively, only 54% of respondents listed “a better product or service available elsewhere” as one of their top reasons for switching brands. This makes consumers over 50% more likely to leave a brand due to price compared to the availability of a better option.

It is, of course, important not to view these results in isolation. There is a question that can be asked around whether price or value is the real determining value; especially when highly emotive brands are in play. Are decisions made because a product or service is cheaper, or the pound for pound physical and emotional value is greater?

Either way, the takeaway is the same. Brands must offer either a lower price, or a greater value than their competitors in order to retain customers.

The gulf between price and the next most popular is staggering. Only 28% of respondents stated that the product or service itself was the reason they are most likely to remain with a brand. This is followed by customer service, chosen by only 13% of respondents and convenience selected by just 5%.

That makes consumers 4x more likely to value price over customer service, and 10x more likely to value price over convenience.

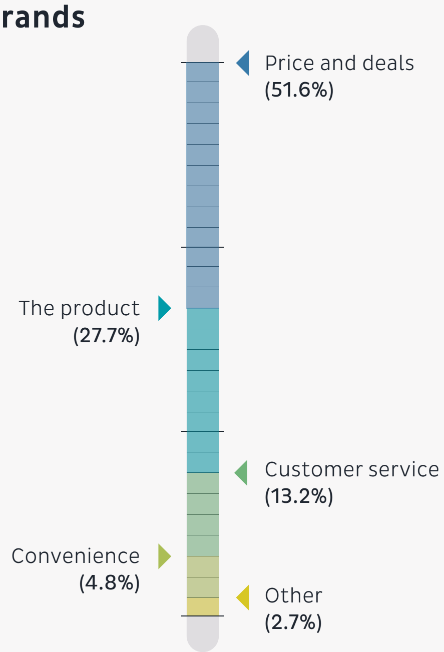
Predispositions

While this likely only confirms what many researchers and marketers know about loyalty, the interesting discussion involves looking at whether one group are more likely to have loyal tendencies than another.

LOYALTY

Most common reasons for remaining with and leaving a brand

Why consumers remain loyal to brands



The price of a product or service is more important to The Disconnected segment while the product or service itself is of more importance to The Loyal.

When it comes to remaining with a brand, price is 8% more likely to be the most important factor to a Leave voter, while the product or service itself is 8% more likely to be the most important factor to a Remain voter.

The same is reflected when the question is flipped. The availability of a cheaper price elsewhere is more likely to be important to a Leave voter in contrast to a Remain voter. However, there is no significant difference in the representation of other factors, which include: poor customer service, change in performance, convenience and recommendations from others.

Ultimately, this is consistent with other findings listed in this report. Utilitarian factors are more important to Leave voters, while products, services and elements that can be more directly attached to an identity are more important to Remain voters.

These patterns are so widespread and appear so frequently throughout the data, that they are difficult to ignore. While they may not be polar opposites, it seems that recent political events have drawn out underlying differences in the way people make decisions.

What is most interesting is not only that these differences appear across social, political and purchasing decisions but they challenge the view that loyalty, and propensity to show loyalty towards institutions, is a universal trait.

In fact, the degree of loyalty that a person displays may in fact be a predisposition, reflected in the way that they attach meaning to personal identity.

A lot more research needs to be done to understand how exactly this dynamic plays out and the relative importance it has. But one thing is for sure; a brand that wants to build a sustainable, invested customer base must segment based on the propensity to be loyal.

Researchers and marketers must re-frame the concept of loyalty; looking towards attitudes and beliefs as well as behaviour.

And if this is the case, what exactly can be done to influence the growth of a loyal customer base? The first step is to remove the word loyalty from the marketing lexicon. Consumers are not loyal to brands, societal institutions or political parties. They are loyal to their beliefs, values and tribes.

Once loyalty - or the lack thereof - is considered in this light, a number of options become available. One such option is to look at the influence of the social group; family and friends.

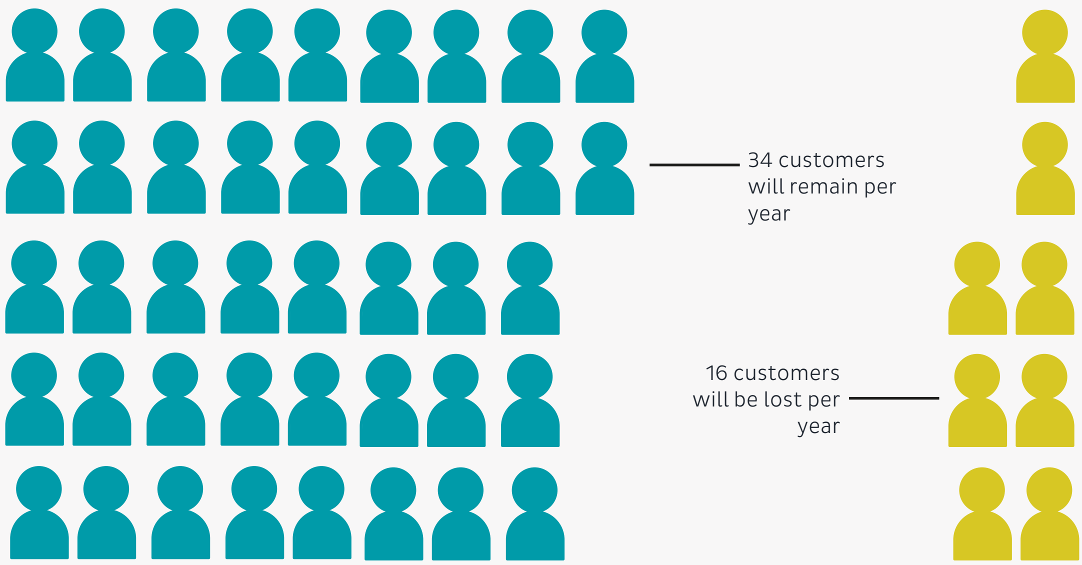
The influence that social groups have over the formation of beliefs and opinions offers huge opportunities.

How can brands work through the existing networks of friends and family to influence positive outcomes? Family, in particular, plays an important role in forming opinions, considering that all members of over 80% of households voted the same way in the 2016 referendum.

Another opportunity involves building a connected tribe around a brand, rather than leveraging existing networks. To do this, brands need engaged consumers to share their opinions on a range of topics - outside purchasing habits - in order to build a more complete picture of their motivations and beliefs.

Social listening, online research communities and brand co-creation are all vital tools that can help deliver the required level of understanding.

Out of a pool of 50 customers, on average a brand will lose 16 customers per year



LOYALTY

A lack of action should not be confused with loyalty; a retained customer is not always a loyal one.

Finally, it's important not to confuse loyalty with repeated or continued purchase. On average, across all categories of goods and services, only 50% of respondents had switched suppliers or brand in the past three years. This suggests an annual churn rate of approximately only 16%.

But that does not make 50% of customers loyal to their choices, it means only that they have not taken any action. When seeking to build loyalty, it is important not to take this for granted and still work to ensure a brand can become part of this group's identity also.

Understanding the dynamics of loyalty, and how a brand fits into the existing belief systems of groups provides forward thinking companies with a wealth of opportunities. From tapping into existing communities, to building new ones from scratch – the future of loyalty is about groups and values, not simply behaviours and actions.

Building a Brand Strategy

If there is one single lesson to take away from this report, it is that groups are more important to the human decision making process than they are often credited for.

Whether a person is a member of The Loyal or The Disconnected segment may have an impact on which groups are more important to them, and brand strategies should be formed with this in mind.

The Loyal segment are more likely to tie brands, social beliefs and political views to their identity. They are more likely to prefer brands that take a stand on political and social issues, and in particular those that agree with them.

However, they also are more likely to try new products, services and brands and seek out something unheard of – potentially giving start-up companies and challenger brands an edge. But once a product, service, brand or belief has been integrated into their identity they are much less likely to leave it.

The Disconnected segment, meanwhile, are characterised by their history of switching between various brands, ideals and beliefs because these things are not so heavily integrated with their personal identity. It is easier for them to switch based on more utilitarian factors.

The price of a product or service is most important to them and they are less trusting, overall, of media and news outlets – instead preferring to trust family, friends and individual judgement.

A successful strategy should identify how a brand can appeal to both The Loyal and The Disconnected.

Crucially, if there is one factor that binds all consumers together, it is the role that immediate groups (households) play on overall decision making processes, whether it is conscious or not.

Perhaps it is time for marketers to place less focus on the role of the individual, and work with close knit groups and communities to better understand how group decision making occurs.

If a product or service can embed itself firmly in the belief system of a modern tribe, the result is a more loyal customer base that is more likely to internalise the brand and build it into their own self identities.

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About this report

In the first special report of the series, we tackle the topic of loyalty through the lens of political, social and purchasing decisions. Based on original research, this report highlights the mechanisms that underpin loyalty across these three fields of study and identifies two distinct segments defined by their decision making processes. These groups offer new opportunities for brands to build and maintain an active, loyal community.

FlexMR - A technology led insight agency

Headquartered in the North of England, FlexMR has been at the forefront of developing practical innovations in online market research for over a decade. During this time, we have worked with a cross section of the world's most innovative brands, including; iHeartMedia, Virgin Atlantic, Formula One, Skybet, British Gas and Avery.

Today, our team is committed to providing the technology, expertise and vision to deliver insight capable of making a real, tangible difference. Because every brand and research requirement is different, we offer a customised, flexible service that blends relevant qualitative & quantitative tools together and maximises return on investment. On-demand access to these tools enables marketing teams to stretch research budgets further and remain competitive in the face of uncertainty.

It is our belief that this unique blend of integrated technology and expert service is key to our clients' continued success and vital to surviving in the modern global economy.