

BRAND RELATIONS AND BUYER MIGRATION

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What keeps a consumer loyal to a certain brand? When is a consumer willing to switch – and when isn't he? And what influence do the media have on this process?

The danger that the consumer will switch brands is greater in saturated markets. Brand loyalty drops, as a large choice of products is available. Accordingly, questions relating to buyer migration play an important role in marketing. The G+J Advertising Effectiveness Panel is in a position to provide some important information on the topic of brand loyalty and brand switching.

Methodological background of the G+J Advertising Effectiveness Panel

Every three months since September 2004, the G+J Advertising Effectiveness Panel has carried out interviews with a permanent group of 2,000 persons to determine their attitudes toward some 150 brand names, now in 20 product sectors¹. In addition to the standard tracking of ad effectiveness parameters over time, the Panel focuses on identifying the degree to which the individual media categories (primarily print and TV) are effective, as well as the identification of an expedient media mix and/or the optimal distribution of contact opportunities without saturation effects.

This permanent panel is part of a research tradition that was established almost 10 years ago with the first G+J Advertising Effectiveness Panel². At that time, the focus of the three-wave survey was on fast-moving consumer goods, and the target group was composed of women. This was followed in 2003/2004 by the Car Advertising Effectiveness Panel, in which 1,600 potential car buyers were also questioned three times during the decision-making process³. The multi-wave survey proved the enormous influence classic advertising has on car purchases⁴.

The panel approach plays a key role. By repeatedly interviewing the same person, individual changes can be measured for each respondent. As in an experiment, disruptive variables are kept constant in a before-and-after comparison. In controlling measurement effects, the panel is thus ideal for the measurement of advertising effectiveness. Here we are not concerned with analyzing consumer currents as in the well-known consumer panels, but with studying of the psychology of the buying decision process and the influence of advertising contacts on variables that affect consumer behavior.

The relationship between the respondents and the brands is made much more transparent by the use of panels than by traditional longitudinal studies. After all, while tracking with an independent sample study may point out fundamental changes in advertising effectiveness parameters, the panel permits a deeper look into possible reasons for such changes. It is possible, for example, to describe groups of brand users and their current attitudes toward the brand and to observe these over time. Using a studied brand from the deodorant sector, the data can be presented more concretely.

Buyer migration for a deodorant brand

Since the respondents take part in the survey consistently over time, data from the same persons are available for various waves. In the user analysis presented here, we have limited our focus to the period covering two waves, so that we can explain the basic mechanism more clearly and understandably. In order to identify the various user groups of the deodorant brand, the individual persons are divided into various groups:

Group 1: Loyal users: This group includes respondents who were users of the deodorant brands being studied in the two observed waves (Specifically: User in Wave II and Wave III/06).

Group 2: Brand leavers: This group includes respondents who were still users in the first of the two waves, but no longer used the brand in the second wave. (Specifically: User in Wave II, but not in Wave III/06).

¹ The survey will be carried out by TNS Infratest with an online access panel recruited offline.

² Michael Hallemann: Das G+J Werbewirkungspanel. Ein neuer Ansatz zur Untersuchung der Wirkung von Print in Mediamix. Gruner + Jahr Fachbereich Anzeigen. Hamburg 2001.

³ Renate Köcher, Michael Hallemann: Das PKW Werbewirkungspanel. Informationsverhalten und Entscheidungsprozess vor PKW-Käufen. Werbewirkung unter PKW-Kauf. Gruner + Jahr AG U & Co. KG Media-Forschung und Service, Fachbereich Anzeigen. Hamburg 2004.

⁴ Jan Otto Buhr, Michael Hallemann: Experience with ad hoc panels to measure advertising effectiveness. Worldwide Readership Symposium. Prague 2005, Session Papers, pp185-195

Group 3: **New users:** This group includes respondents who had not yet used the brand in the first of the two waves, but had become users by the second wave. (Specifically: Non-user in Wave II, user in Wave III/06).

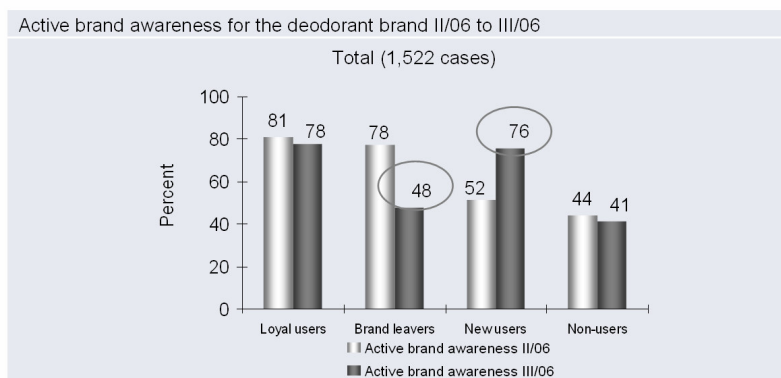
Group 4: **Non-users:** This group includes respondents who were not users of the deodorant brand being studied in either of the two waves. (Specifically: Non-user in Wave II and non-user in Wave III/06).

Relevant set in the consumer's mind: Brands come, brands go...

A more precise analysis immediately shows very interesting results. Anyone who believes that the unaided brand awareness of an established brand is a relatively constant factor in the canon of advertising effectiveness parameters will have to reconsider his view. Especially in the two groups of switchers among the deodorant users, drastic changes in brand awareness are evident. And here we are looking at a relatively short period of only three months.

Graph 1

Fluctuations in brand awareness among the switching target groups



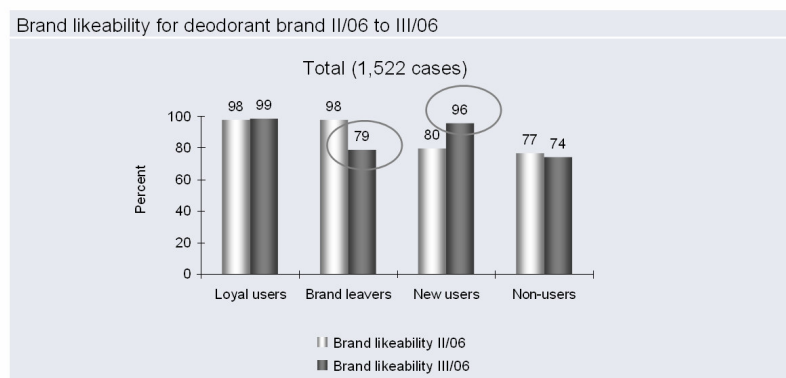
The development of brand awareness among the brand leavers is especially astonishing. While these respondents one wave previously had still shown an average brand awareness of 78% for the studied brand, awareness in the current wave had shrunk to 48%. In concrete terms, this phenomenon shows – as is seen with similar clarity for all brands, by the way – that it is apparently possible for a brand relationship to be dissolved within three months and for the consumer thereafter to no longer be interested in the brand and/or to even actively remember the brand. The brand is ignored for – at least – a certain period of time and is no longer seen in the relevant set of possible deodorant brands.

The same mechanism is also seen in other advertising effectiveness parameters, such as advertising awareness, brand likeability, and willingness to purchase. If a user has abandoned the brand, the parameters drop drastically.

Graph 2 makes it clear that brand likeability and use are directly related. Brand likeability clearly rises for new users whereas it sinks for brand leavers.

Graph 2

Definite connection between brand likeability and use



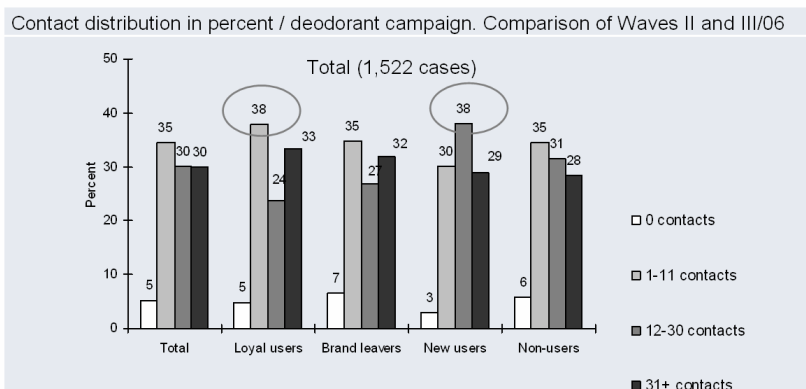
An analysis of the transmitted campaign OTS provides additional information that helps to explain buyer migration. A comparison of the individual user groups makes it possible to identify differences that may have had an effect on use.

It is interesting that the loyal and the new users were reached through a noticeably different contact dosage. While the loyal users were very often reached by means of a rather low number of campaign contacts (1-11 OTS), the new users showed a cluster in the middle contact class (12-30 OTS). It is quite apparent that both groups were addressed well in line with their needs. The loyal users are much farther along in their consideration of the brand and therefore require fewer contacts in order to process the brand message than the new users, who still need to be convinced during the campaign.

It should be noted that the number of contacts was by no means calculated on the basis of direct questions such as "Where did you see the ad?" but derived from standard questions on media use that provide media contact probability, from which, with the help of media plans, the opportunities for contact with the involved advertising means of the individual brand are calculated.⁵

Graph 3

New users are reached by a noticeably higher share of medium contacts.



Besides the contact dosage, the contact channel plays a similarly important role. The G+J Advertising Effectiveness Panel is able to distinguish between persons according to their contact channel. It is thus possible to separate persons with media mix, mono print, and mono TV contacts. Similarly to contact dosage, differences in contact channels are also evident between the individual user groups of deodorant brands:

Both loyal and new users are addressed by a comparatively higher share of media mix and mono print OTS. In contrast, there is a comparatively low share of mono TV OTS. Brand leavers and non-users, on the other hand, are reached by a higher share of mono TV. An analysis of the contact channels suggests that it is especially the media mix OTS, but also the mono print OTS, that have been able to a greater extent to provide a stimulus to buy the studied brand.

⁵ These calculations are carried out by ISBA Informatik Service GmbH, Hamburg

Graph 4

The loyal users and the new users are reached through a higher share of media mix OTS and mono print OTS.



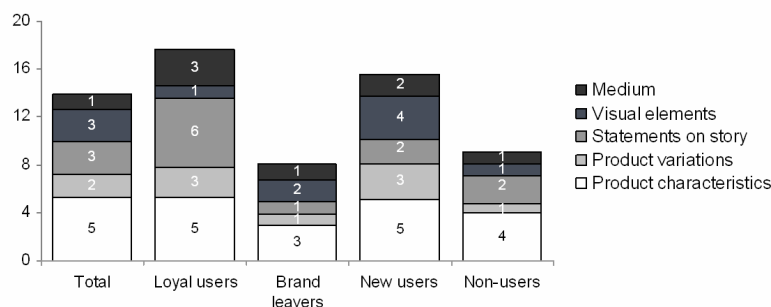
In addition to the contact dosage and the contact channel, in the final analysis it is especially the campaign contents that convince the consumer to buy a product. These may be communicated product characteristics or visual or story elements.

An analysis of the concrete advertising recalls shows which elements were especially important in keeping a user and which advertising elements were particularly useful in attracting new users. It is immediately obvious that the concrete advertising recalls of the various deodorant brand user groups clearly differ. It is evident that the two currently active user groups (the loyal users and the new users) demonstrate a considerably higher share of advertising recalls. The advertising has most obviously left relevant traces in the minds of the consumers.

Graph 5

The loyal and the new users have a much higher number of advertising recalls.

Advertising recalls in percent for deodorant brands

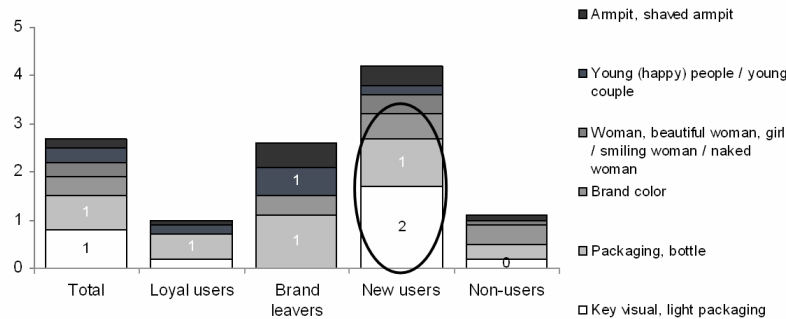


An in-depth analysis shows that the recalls of the loyal users differ from the recalls of the new users. Whereas the loyal users recall a higher share of story elements, the new users more often mention visual elements in the campaign. To a more than proportional extent, these are often visual elements that relate to the product packaging, form or color. These product-oriented recalls demonstrate very impressively how important the product presentation is within a commercial or ad. After all, when a person is standing in front of the overcrowded shelves in a store, s/he must be able to find the advertised product – and this is exactly where a good product presentation within the campaign can serve as a recall anchor.

Graph 6

The key visual and the packaging are more often recalled by new users.

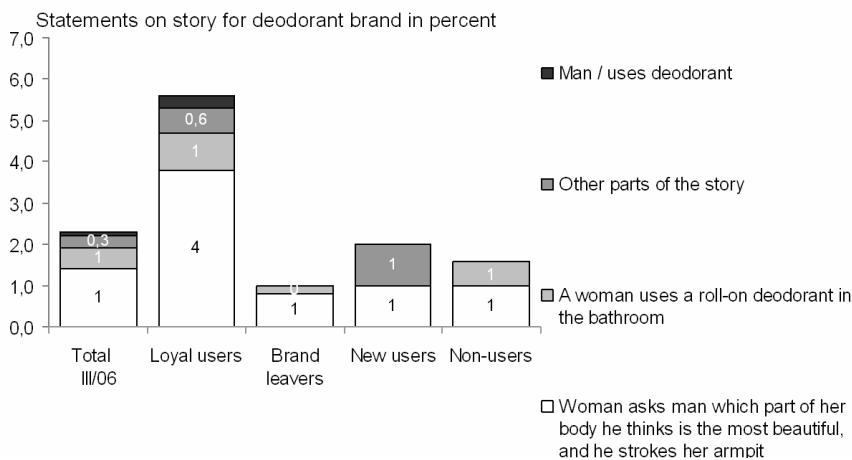
Visual elements in percent for deodorant brands



In contrast, the loyal users often retell the story of the current commercial. These users refer less to product design information, which seems logical. After all, they no longer have to pay attention to how the product looks. They are at a different place in their relationship with the brand, since they have already been using the product for a while and are familiar with it. The emotionally-based story of the TV commercial has convinced the loyal user and helped to reinforce his/her relationship with the brand.

Graph 7

Convinced users remember this sentence...



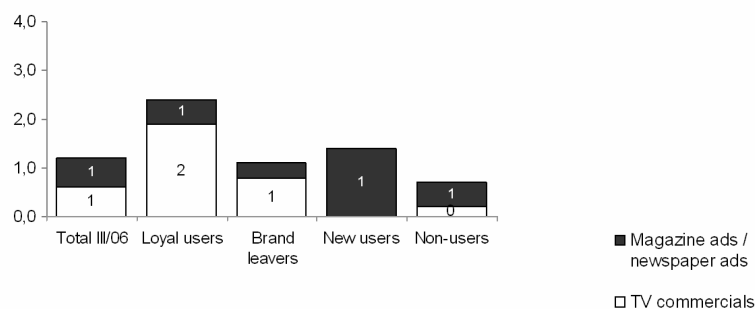
Finally, an examination of the recalled media shows the perceived relevance the media had as part of the communication to the user. It is important to note that in the survey of concrete advertising recalls, no suggestions are given to the persons being interviewed. They are asked to write down what they remember, unaided, from the advertising for the brand. The subjects then provide uncoded free text answers, later to be grouped in categories. It is especially interesting to note that in some cases certain media themselves become the object of the campaign recall. In comparison with other areas, this share of media recall is relatively small.⁶ If a medium is recalled and named, however, it can be assumed that it has played an important role in the overall advertising effectiveness process. It is striking in this context that the two active user groups (loyal users and new users) demonstrate a comparatively higher share of medium recall. The loyal users recall TV advertising in particular, which also corresponds to the more than proportional number of story elements that are recalled. Much more interesting, on the other hand, are the media recalls of the new users, who only recall print media, even though print played a much smaller role in overall spending for the brand campaign.

⁶ Media recalls are not asked for specially, but only if the respondent him/herself mentions them, coded as such.

Graph 8

Media traces in the mind of the user: Loyal users name the commercial, new users the ad.

Statements on medium for deodorant brand in percent



Neither the dominance of the TV recall by the loyal users nor the exclusively print recall by the new users indicates that the other medium did not contribute to the advertising effect in each case. All in all, however, it is evident that media serve the differing needs of the user groups in different ways. As shown, the loyal users reflect to a greater extent the emotional story of the TV commercial, which makes it easy to explain why the advertising recalls are also higher for the TV medium. The new users, on the other hand, to a greater extent recall visual elements involving the concrete product, which apparently can be better communicated by print.

In conclusion, the following statements can be made on the basis of this example:

Summary

Users are not all the same. Loyal users and new users differ considerably from one another.

New users focus more on information regarding the concrete product. This is often certain key visuals, which are stored as an anchor and can be easily activated in a purchasing situation.

Loyal users are a step farther in their involvement with the brand. The “internal memory” of these consumers has increased its capacity as the result of involvement with the brand. More complex data, such as the recall of certain story components, are saved and apparently lead to a positive updating of the brand.

Advertising must serve the differing needs of the brand. A media mix strategy helps here, as the print ads can focus on the product, while TV commercials contribute more to the updating of the brand through the story.