Brand loyalty is the ultimate goal a company sets for a branded product. In previous articles, the definition and importance of branded were discussed, as well as necessary steps needed to brand a product. This article focuses on brand loyalty, its importance to a company and steps necessary to convert to and maintain brand loyalty.

What is Brand Loyalty?
Brand loyalty is a consumer’s preference to buy a particular brand in a product category. It occurs because consumers perceive that the brand offers the right product features, images or level of quality at the right price. This perception becomes the foundation for a new buying habit. Basically, consumers initially will make a trial purchase of the brand and, after satisfaction, tend to form habits and continue purchasing the same brand because the product is safe and familiar.

Brand loyalists have the following mindset:

• “I am committed to this brand.”
• “I am willing to pay a higher price for this brand over other brands.”
• “I will recommend this brand to others.”

Why is Brand Loyalty Important to the Bottom Line?
There are three main reasons why brand loyalty is important:

• Higher Sales Volume – The average United States company loses half of its customers every five years, equating to a 13 percent annual loss of customers. This statistic illustrates the challenges companies face when trying to grow in competitive environments. Achieving even 1 percent annual growth requires increasing sales to customers, both existing and new, by 14 percent. Reducing customer loss can dramatically improve business growth and brand loyalty, which leads to consistent and even greater sales since the same brand is purchased repeatedly.
• Premium Pricing Ability – Studies show that as brand loyalty increases, consumers are less sensitive to price changes. Generally, they are willing to pay more for their preferred brand because they perceive some unique value in the brand that other alternatives do not provide. Additionally, brand loyalists buy less frequently on cents-off deals; these promotions only subsidize planned purchases.
• Retain Rather than Seek – Brand loyalists are willing to search for their favorite brand and are less sensitive to competitive promotions. The result is lower costs for advertising, marketing and distribution. Specifically, it costs four to six times as much to attract a new customer as it does to retain an old one.

What is the Process to Create and Maintain Brand Loyalty?
Favorable brand attitudes are the determinants of brand loyalty – consumers must like the product in order to develop loyalty to it. To convert occasional purchasers into brand loyalists, habits must be reinforced. Consumers must be reminded of the value of their purchase and encouraged to continue purchasing the product in the future.

To encourage repeat purchases, advertisement before and after the sale is critical. In addition to creating awareness and promoting initial purchases, advertising shapes and reinforces consumer attitudes so these attitudes mature into beliefs, which need to be reinforced until they develop into loyalty. For example, the most avid readers of a travel ad are those who just returned from the destination.
Ads reinforce a traveler’s perception and behavior. Remember, it is easier to reinforce behaviors than to change them, and the sale is just the beginning of an opportunity to turn the purchaser into a loyalist.

A few more points to keep in mind

- **Develop an unbeatable product** - if you want to keep customers, make sure they can get what they want from your product.

- **Give customers an incentive to repeat-purchase** - chances to win a prize, gifts with a certain number of proofs of purchase, in-pack discount coupons, etc.

- **Stand behind your product** – if customers don’t trust the product, they won’t purchase it again.

- **Know your trophy customers and treat them best of all** – remember the rule that 80 percent of sales will come from the top 20 percent of customers.

- **Make it easier to buy your brand than competing brands** – availability and simplicity are keys in today’s high-speed world. Customers appreciate convenience more than ever.

- **Go to your customers** - bring the product to customers when possible.

- **Become a customer service champion** – seek to serve the customer and they will repeat-purchase...again and again!

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