The Death Of Brand Loyalty: Cultural Shifts Mean It's Gone Forever

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In the old days, consumers would find a **brand** that did what it promised: perhaps Tide detergent to erase grass stains, Bounty paper towels to wipe up spills, or Frosted Flakes to start the school day right. In the absence of a particular **brand** failing or a dramatic price disparity from a **branded** competitor, consumers would continue to purchase the same brands week after week, month after month, year after year. In the busy, sometimes overwhelming lives of primary grocery shoppers, a brand earned its place in the pantry or laundry room or refrigerator, and consumer packaged goods manufacturers were rewarded with consistent purchase.

If a café selling a $7 bowl of Frosted Flakes, or installation of a button to order toilet paper in every bathroom seems senseless and/or desperate, think about the implications of even slight erosion of loyalty to multibillion-dollar CPG concerns like Procter & Gamble PG +0.92%, Unilever , General Mills GIS +0.77% and Kellogg K +1.12%'s. Among the top 100 CPG brands, 90 experienced share declines, according to a 2015 study by Catalina, a leading **digital** and consumer loyalty firm. Take a moment to let that soak in …*90% of the leading household goods **brands** are losing market share on consistently low-growth categories.*

The atrophy of certain segments of dusty categories like ready-to-eat cereal due to decreased relevance is understandable. Whereas cold cereal was once thought a quick breakfast that kids could prepare for themselves, it's now an inconvenient, carb-heavy option that requires the presence of milk, generates dirty dishes, and can't be transported out the front door.

But declining market share among 90% of the top brands can't be explained away by a 20-year evolution in breakfast behavior. The erosion of consumer loyalty among the most esteemed **brands** represents a changed philosophy of buying. The standard for brand switching is no longer the failure of a brand to perform but rather its inability to seem like an entirely new and interesting option at every single purchase cycle.

What Killed Brand Loyalty?

Consumers are not inclined to be loyal to **brands** as they once were because the underlying value of loyalty itself is no longer particularly relevant. In the old world, loyalty was good and something we aspired to give and receive across all aspects of life . . . with friends, family, employers, dentists, doctors, bankers, and maybe even the federal government. But generational experiences have made sticking with “tried and true” a sucker bet. Loyalty means remaining the same. Not exploring alternatives. Putting your head in the sand and maybe even missing a beach party.

Over the last three generations, major trends in marriage, religion, politics, and corporate America have reframed expectations for surviving and thriving in this world. The consistent theme is that change is not something to be feared or avoided. Change is inherently good. And the hankering for change is increasing at an accelerated rate.

The historical concept of loyalty as a value is hinged in the desire for long-term connections and mutual trust on both sides of the equation. The reasons we believed that loyalty was an important social value are no longer valid.

To wit, here are five trends where “new and different” are usurping “tried and true.”

-Work

Generations ago, tenured employees were celebrated with gold watches and retirement parties. Then corporate layoffs became the more common method of exit. Both employers and employees learned that their relationship was more practical than sentimental. The labor force has gradually gotten more comfortable with a new standard. It would be tough to find a millennial today with the remotest interest in working for any company for 30 years. In the spirit of “you’re not the boss of me,” more people are self-employed than ever before. Today, 15.5 million people are currently self-employed as independent contractors, according to the latest report from the US Bureau of Labor Statistics. The trend is projected to accelerate rapidly, with 60 million people (or 40% of the total workforce) working for themselves by 2020.

-Religion

Many no longer feel the need to commit to a dogma. Spiritual beliefs are fluid, with “nothing in particular” as the most popular answer to a Pew Research Center survey on religion. Adults who say they are atheists or agnostic now constitute 23% of the population, up from 17% just 10 years ago. One third of millennials say the same. On a practical level, this trend is not just about the beliefs themselves but about behaviors and connections associated with a particular place of worship. On an episode of the show *30 Rock,* the character played by Tina Fey was once asked her religion. She answered, “I pretty much do whatever Oprah says.” Why go to a communal service when *Super Soul Sunday* is so readily available to view alone?

-Romance

More than 50% of millennials grew up with divorced parents, and 41% grew up with parents who were never married at all. Both they and their parents know firsthand that “happily ever after” is just for old Disney movies. But beyond the stats is the change in perceptions from viewing broken relationships as failures, instead of shared experiences on life's journey. Families are blended and iterative. No need for judgment of the new normal.

-Corporate America

We have all seen some fairly appalling behavior among once-revered corporate executives and politicians. Scandals in those arenas certainly aren't new, but due to the 24-hour news cycle, more people know about more impropriety than was ever before possible. Millennials particularly tend to distrust the government (82%), the press (88%), and financial institutions and corporations (86%). The belief that big is bad is directly correlated to why long-established products and services are suspect compared to start-ups and innovators, and the opinions of online strangers are more persuasive than corporate endorsements.

-Thinking Itself

We are literally no longer wired to stick with what we know. Daily use of technology has actually changed the way brains work, disproportionately so among the generation that learned to think with it. David Levy, a professor at the Information School at the University of Washington, calls the phenomenon "popcorn brain," describing brains so accustomed to the constant stimulation of electronic multitasking that consumers attempt to replicate the experience offline, where things "pop" at a much slower pace.

Change Wins

The theme of all of these trends could be characterized as distrust, but the reality is actually sanguine. "New" is better than "known." This is where the rubber hits the road for established CPG players, who have long lead times, massive capital requirements, and public shareholders. Whipping up constant and meaningful news about 100-year-old products is not easy. So while initiatives like Kellogg's Time Square Café, Tide's direct-to-consumer detergent pods, and shampoo bottles with technology that liberates every last drop from the bottle may not be transformative, but they might still be worthwhile.

High Stakes

There is $6.2 trillion globally in near-constant play due to accelerated brand shifting according to a report from Accenture ACN +0.65%. Two thirds of consumers surveyed said that the number of companies or brands they consider when making purchase decisions has increased significantly compared with 10 years ago.

The preference for "new and different" is well known to the Procter & Gambles, General Mills, and Kimberly-Clarks of the world that are making acquisitions, unloading what can't be resuscitated, and funding their own VCs. They recognize that establishing and maintaining ongoing connections between consumers and their brands is becoming less and less realistic. Instead, those companies must continue to transform their offerings to treat each and every purchase occasion as a victory and invest in innovation that meets a constant need for change. Lifetime consumer loyalty is no longer a valid goal in the world of CPG because as much as it suits manufacturers, it’s simply no longer meaningful to consumers.

Featured Image: (AP Photo/Steve Helber, File)

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