

My generation failed to create loyalty

By  Erik Du Plessis

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It is very obvious that my generation failed dramatically, worldwide. The next generation want change. Mostly simply change away from what my generation achieved.



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In the UK the new generation unexpectedly voted for Brexit. In the USA they voted against the Obama policies – again unexpectedly. In France they voted for a new young party from the right. In all these instances there was a lack of loyalty to the political party.

In South Africa the latest municipal elections surprised many with the swing away from the ANC. Again it was a mistake for the ANC to assume great party loyalty based on what the party did 30 years ago. Even in Zimbabwe we saw change from a 37-year regime with the army not being loyal to the president who relied on their loyalty.

”Against” votes

All of these were “against” votes. In the UK it was a vote against being part of Europe, and against foreign labour. In the USA it was a vote against Obama Care and Mexico. In France it was a vote against the way things were done and their refugee problem. In our municipal elections it was a vote against corruption.

Research failed to predict these changes because it asked the wrong question: “Who will you vote for?” When research should have asked “Who will you vote against?” The question should not be “Who did you support last time?” and then assuming there is some form of loyalty out there.

There can be no more dramatic evidence of the failure of my generation to set up structures that satisfy the need of the incoming generation than all these votes against what my generation achieved and the lack of loyalty that we expected as a result of what we achieved.

Why did we fail?

We failed because we assumed that what we wanted is what the new generation wants. We viewed people as a cohesive unity that wants what we thought is good. We thought that candidate Trump was blowing in the wind when he said that people want change – any change.

The ANC (and Robert Mugabe) still believe, and uses it in their party campaigns, that South Africans honour freedom fighters and what they achieved in the 1970's and 80's. More than 40 years ago. The words “The New South Africa” is still used by politicians, despite the fact that the word “New” refers to 33 years ago and as a brand the “New” has lost its glitter.

This is as a result of a fundamental problem in democracy. A political party makes promises and is voted in. Then they spend four years to implement their promises. When the next election comes, they still believe that what people want is just more of these changes they voted for four years ago.

Politicians assume that because people voted for them in the last election they will be loyal and vote for them again this election and therefore the same promises is all that is needed. It is a mistake to assume that there is great party loyalty.

Measuring brand loyalty

It is not just in politics that this dissatisfaction with what my generation achieved shows. In the Currie Cup the Blue Bulls and Sharks played their semi-final in a nearly empty stadium. This is in Pretoria where Blue Bulls loyalists are rabid fanatics. The current generation is just not interested in being loyal supporters. Even at the final there were empty seats.

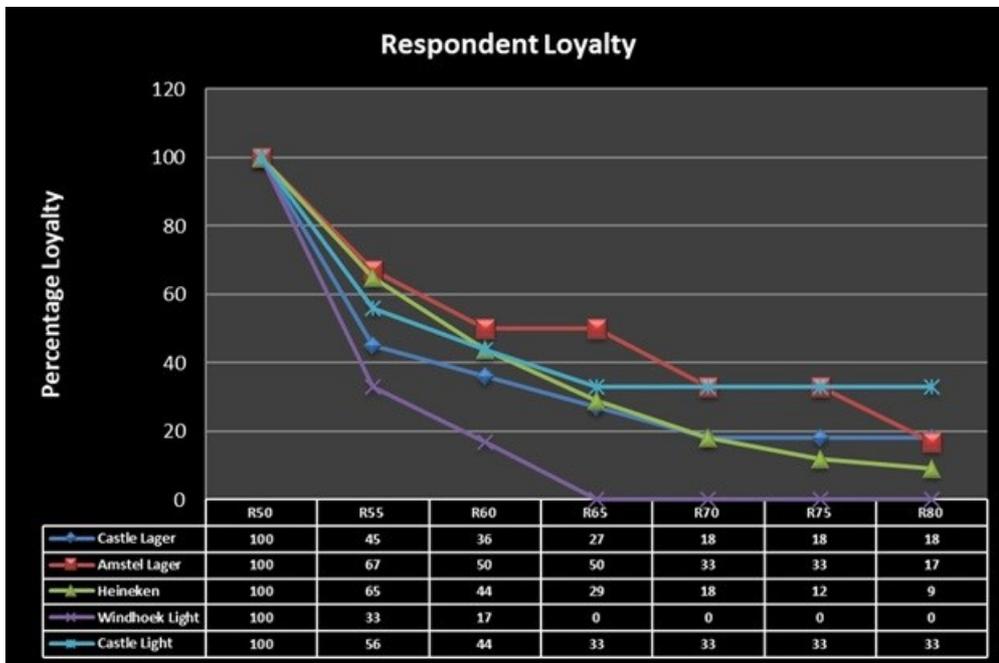
This extends to brands in a big way.

The Ehrenberg-Bass Institute analyse big data bases from around the world and for many product categories. Professor Byron Sharp wrote up their conclusions in his book *How Brands Grow*. In this he argues that marketers almost always overestimate the extent that brand loyalty exists for their brand. (In fact, it would appear that politicians also overestimate the extent that party loyalty exists.)

I wanted to see whether I can develop a question that measures and model brand loyalty. I selected the beer category because it is a badge brand category where the brand is consumed publicly and says a lot about the user. It is a category where one expects good brand loyalty.

Ultimately the only way to test loyalty is to ask people what price users will pay for the brand. The best way to do this is to use a price trade-off question “If these brands sold at these prices which one would you buy?”

From this it is easy to derive brand loyalty curves.



Low brand loyalty

The first point on this chart indexes the number of respondents that would choose the brand, if all brands sell at R50 per pack, at 100%. The second point shows the percentage of these that will remain loyal to that brand if it sells at R55. The third point shows the percentage that would be loyal if their brand sells at R60. Etc.

For most of the brands between 1/3rd and 1/2 of the respondents that would buy it at parity price is not loyal when the price increase by even 10%.

This low loyalty for a category that should have better brand loyalty than most is in line with the findings of the Ehrenberg-Bass Institute. It also reflects what is happening on the world political stage.

For more analysis of the beer brand loyalty see my YouTube video:

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