

To build loyalty, an auto brand must create meaning that excites car owners. It's a complex balance of rational and emotional factors

By Robert Passikoff, *Brand Keys*

It has been said that no other man-made device since the shields and lances of ancient knights can fulfil an ego like an automobile. Marshall McLuhan, in his seminal 1964 *Understanding Media*, noted that cars had become something like an article of dress. He suggested that, without a car, people felt "uncertain, unclad, and incomplete", and were left looking for meaning. And for years, automobile brands capitalised upon that truth in building sales and developing automotive brand loyalty.

That truth – that automobile brand meaning matters – is still driving loyalty today. For years, the marketplace has revealed that creating loyal customers is more an emotional progression than a rational process. We estimate that ratio at 70:30, with the 30% end of things pretty much being 'table-stakes' in virtually every category you'd care to name, including automobiles. In the face of recent economic downturns and consumer expectation upturns, virtually all auto manufacturers have improved fuel efficiency, basic engine quality and reliability, overall drivability, and safety aspects of their cars. Despite McLuhan's observation, it's still, after all, transportation we're talking about.

On the basis of 5,000 interviews conducted among customers of 22 automotive brands in our Customer Loyalty Engagement Index, the four drivers of automotive brand loyalty have been identified as: Fuel Efficiency and Environmentally Friendly; The Right Brand and Design for Me; QDR (Quality, Durability, and Reliability) and Drivability; and Safety and Protection.

If your eyes went immediately to The Right Brand and Design for Me as the really important loyalty driver (or the one that in your heart-of-unarticulated-hearts you lingered on), you've identified the single emotional loyalty aspect of the automotive category where brands can find their greatest loyalty leverage.

Before the economy went to hell, The Right Brand and Design for Me was the most important driver of loyalty, and while these days it's the second-most important loyalty driver (just behind Fuel Efficiency and Environmentally Friendly), it's still the value-set

where consumers hold the highest expectations – significantly higher than any of the other loyalty drivers. Safety and Protection has the second-highest expectations, followed by Fuel Efficiency and Environmentally Friendly. The QDR and Drivability driver has the lowest expectations, which is probably a consumer concession to the commoditisation of the machinery itself.

To be fair and comprehensive, though, there are, of course, other emotional values located in some of the other drivers that can provide short-term loyalty leverage, but they're held at lower expectations levels and only fully function among specific auto purchaser segments. Today, loyalty can be driven by positioning an auto brand as the protector of

reliance on stunt drivers, blue screen special effects, an increased number of zero-financing offers and media touch points? What has changed is that brand meaning – and what will really build brand loyalty – has transcended pure imagery. Oh, and price promotions, too. Those have become part of the 30 percent's category 'table-stakes' that consumers have come to expect. What's changed is that meaning that matters to consumers has become a differentiating surrogate for brand value. Think of it as the emotional glue that bonds a consumer loyalty to one brand versus another, particularly among automotive offerings.

How's this for meaning? "Now finance or lease any new Hyundai, and if you lose your income in the next year, you can

# Driving

the environment or – via safety – by taking on the mantle of the on-the-road-guardian of your family. But capitalising upon The Right Brand and Design for Me loyalty driver and imbuing a brand with some resonating and truly meaningful meaning – not just imagery or descriptive adjectives – for customers, still does most of the long-haul driving when it comes to driving auto brand customer loyalty.

That being the case, what's changed in five decades, besides some level of marketing and advertising sophistication, a greater

return it with no impact on your credit."

With that audacious statement, a year ago, Hyundai began a full-out assault on the economy, consumer anxieties and a mediocre car brand image. The campaign was the beginning of a drive from a price-value brand, to a mainstream "we-understand-you-and-your-circumstances-so-why-don't-you-support-us-the-way-we-support-you-and-yours" brand.

Consumers could always find cheap cars, but real emotional meaning has been pretty sparse on the automotive brand highway of late. "Anyone could have done it," you say? Well, maybe, but as we've pointed out before, saying it, doing it, and doing it believably are three different things. And how consumers believed! Consideration for new Hyundai vehicles jumped to nearly 60%. Hyundai's market share jumped to 4.3% and while the industry suffered a 22% sales drop, Hyundai increased by 27%.

The lesson is that you need to stand for something in the minds of consumers. Something that really matters to them that isn't 'table-stakes'. Oh, and if you want predictive

FIGURE 1

The numbers in parentheses indicate the change in US sales for that same month.

1 Hyundai (33%)	6 Chrysler (33%)
2 Ford (33%)	7 Volkswagen (21%)
3 Subaru (35%)	8 Kia (8%)
4 Nissan (24%)	9 Honda (9%)
5 General Motors (18%)	10 Toyota (7%)

Hyundai: recession-busting deal in the US increased sales by 27%



# auto loyalty

metrics and not rear-view mirror ones, you need to look at measures of loyalty. Hyundai moved up on our Brand Keys Loyalty Leaders List of 440 brands to 24th from 295th, which only proves that if you can meaningfully and emotionally differentiate your brand, consumers will engage with you in the best of all possible ways: loyalty and sales.

Sales are, of course, the *raison d'être* of the marketing exercise, but in addition to increased brand equity, consideration, and actual sales, loyalty comes with its own set of privileges, called 'The Rule of Six'. It states that loyal consumers are six times more likely to buy more products (more often), recommend the brand, invest in publicly traded companies, rebuff competitive offers (especially price-based offers), and, finally, give the company the benefit of the doubt in uncertain circumstances.

In terms of driving loyalty, that last rule was directly applicable to Toyota. Even with all the recent problems Toyota has faced, customers still assessed the brand highly enough to place it at number two in the automotive

category. The Toyota brand had been number one in our rankings for many years – and the recall problems it was facing did, in fact, show up as a decline in the annual rankings. Not a big move, you say? It was when you consider that the brand assessments were collected before the brake problem hit the fan and folks started saying: "You know what 'Toyota' stands for? This One You Oughta Tow Away."

But loyalty is no joke. With real customer loyalty in place, the overall effects to the brand were bound to be minimised, which meant that the brand was likely to do OK – or at least not terribly – in the marketplace. So what happened to Toyota?

In spite of the PR nightmare, it just posted a \$2.2bn annual profit, shaking off the effects of the mechanical problems the brand encountered (remember the third most-important loyalty driver, QDR (Quality, Durability, and Reliability) and Drivability with the lowest levels of consumer expectation). A senior managing director at Toyota was quoted as saying: "The effects of the recall have been smaller than we'd expected." Brand Keys

would suggest that loyalty's Rule of Six had a lot to do with that.

Finally, let's take a look (see Figure 1) at how consumers ranked automobile manufacturers in May 2010 in terms of loyalty. The correlation between automobile brand loyalty rankings and actual sales is 0.70, which is a loyalty-to-sales correlation powerful enough to have social scientists actually throwing tailgate parties to celebrate.

So what drives loyalty? For automobiles, it's a combination of rational and emotional values that combine to create some meaning for an auto brand and some exhilaration in the soul of the owner. The philosopher Herbert Marcuse noted that people recognise themselves in their commodities but find their souls in their automobiles.

When it comes to loyalty, sometimes the window to that soul is the windshield of your car.



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