

**BUTTERFLY CUSTOMERS-A CHALLENGE FOR MARKET****Kavita Puri\*****Venus Talwar\***

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**ABSTRACT**

*In today's era of challenging market , the one thing which is most difficult is to have loyal customers and even though more difficult task is to maintain them as organisation's loyal customer ever .There are many factors who are changing the loyal customers to butterfly customers. Basically, butterfly customer means those who buy the product or service but, do not have emotional bond with it .The reason can be any: Either the mismatch between the value expected and received or having more attractive other options available, which allures them to try them.*

*Thus, this paper focuses on the creation of butterfly customers, factors affecting to such condition and finally some probable solutions to it.*

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## INTRODUCTION

There is considerable empirical research on brand loyalty in marketing and consumer psychology (Sheth 1967, 1968; Howard and Sheth 1969; Jacoby 1971, Day 1969, Farley 1964, Guest 1964, Tucker 1964). Furthermore, there is a general consensus among researchers and practitioners that brand loyalty is an extremely useful construct in consumer psychology. Unfortunately, due to

- (a) Different and sometimes conflicting conceptual definitions
- (b) Over-simplified measures based on relative frequency or stochastic processes and
- (c) Lack of any systematic and distinct theory of brand loyalty

We have not paid the due attention in research and thinking it deserves in consumer psychology. By providing a comprehensive theory of brand loyalty, we hope to reconcile past differences in research and thinking, and to generate new hypotheses for additional research in consumer psychology.

Brand loyalty is a positively biased emotive, evaluative and/ or behavioural response tendency toward a branded, labelled or graded alternative or choice by an individual in his capacity as the user, the choice maker, and/or the Purchasing agent.

## FEATURES OF BRAND LOYALTY:

1. Consumers may be brand loyal even though they may have never bought the brand or the product
2. Even when brand loyalty is based on repetitive buying behaviour, it is believed the consumer or the buyer may have no evaluative (cognitive or attitudinal) structure underlying his brand loyalty. However, it is often possible to observe emotive tendencies (affect, fear, respect, compliance, etc.) concomitant with the behavioural brand loyalty.
3. Brand loyalty can exist at the non behavioural level (emotive or evaluative level) for those products or services which some consumers never buy. For example, it is possible that the city dwellers may have positively biased emotive or evaluative tendencies toward private homes even though they may never buy it. Similarly, many of us may have positively biased non behavioural tendencies toward certain automobiles, small airplanes, boats, etc. even though we may never buy them.
4. Different types of brand loyalty prevail for different consumers and for different product classes. In other words, the typology of brand loyalty is a function of product and consumer differences

## OBJECTIVE OF THE PAPER

Our objective in this paper is to present a comprehensive theory of brand loyalty by integrating and capitalizing on prior empirical evidence, some theoretical thinking in marketing and considerable body of pertinent knowledge in social psychology. By providing a comprehensive theory of brand loyalty, we hope to reconcile past differences in research and thinking, and to generate new hypotheses for additional research in consumer psychology.

Before we describe the theory of brand loyalty, there are two aspects which we wish to emphasize as distinct elements of the theory.

First we view brand loyalty as a hypothetical construct much richer in meaning than what has been suggested in most of the prior empirical research. We believe that too much attention has been placed in the earlier history of brand loyalty research on the operational measurements at the detriment of any theoretical underpinnings. In fact, it may not be an exaggeration to state that most of the prior empirical research in brand loyalty has been technique-oriented with emphasis on fitting well-defined mathematical models such as the Bernoulli, the Markov Chains, or the linear learning models.

Second, we view brand loyalty as a multidimensional construct. It is determined by several distinct psychological processes and it entails multivariate measurements. We strongly feel that the simple univariate measurement in terms of frequency and pattern of repeated brand purchase behaviour is not sufficient to fully represent the brand loyalty construct. In fact, we believe that it drastically limits the realm of products and services in which brand loyalty exists but cannot be measured by repeated observations. This is especially true, for example, in the case of once-in-a-lifetime consumer decisions for housing and mobility behaviours.

## THEORIES OF BRAND LOYALTY

Logically, we can hypothesize a total of seven different types of brand loyalty based upon the combinations. Each type of brand loyalty is briefly described below:

1. Behavioural brand loyalty. This type of brand loyalty has only the behavioural tendency dimension. It is analogous to what Day (1969)<sup>ii</sup> has defined as "spurious" brand loyalty although we do not fully agree with his adjective. The behavioural brand loyalty has no evaluative or emotive components & it represents the simple R-R relationship presumed in the contiguity conditioning. In terms of Osgood's analysis of the learning theory (1956), it represents the evocative or the predictive integration (Howard and Sheth, 1969). The strength of behavioural brand loyalty is, therefore, directly a function of the repetitive occurrence of

purchase or consumption behaviour. The consumer establishes a systematic biased response or habit simply due to frequency of encounters. It is, therefore, analogous to what Krugman (1965) has called learning without involvement. Finally, most of the stochastic learning models (Bush and Mosteller 1955) are operational measures of behavioural brand loyalty.

From the marketing viewpoint, it is relatively easy to generate behavioural brand loyalty by primarily ensuring that the time and place stimuli are made conducive to repetitive occurrence of purchase behaviour, for example, making sure that the brand is available at all times, is easy to reach on the shelf, or that the display is strategically placed. In this respect, behavioural brand loyalty is analogous to the "inertia" or "marketer's strategies" classifications suggested by Engel, Blackwell and Kollat (1973)<sup>iii</sup>. However, we also believe that once the behavioural brand loyalty is strongly manifested by the consumer, it is very difficult to change the systematic bias away from the brand.

2. Behavioural-evaluative brand loyalty. This type of brand loyalty is two dimensional. It represents not only a systematic biased response toward a brand but concomitantly the consumer also has a consistent cognitive structure underlying his biased behaviour. This represents the classical manifestation of attitude-behaviour theories in social psychology in which attitudes are determined by the instrumental or utilitarian evaluation of the brand (Katz 1960; McGuire 1969)<sup>iv</sup>. It is also best represented by the representational mediation model which Osgood (1956) has theorized based on instrumental learning. Due to the cognitive consistency tendencies (dissonance, incongruity, balance, and consistency), it is presumed that there is a congruent relationship between the consumer's evaluative dimension and his behavioural dimension so that it should be possible to predict one from the knowledge of the other.

The behavioural-evaluative brand loyalty is probably closest to the economist's dream of the "rational" consumer. It is also the presumed world of the consumer for those mass communication practitioners and researchers who believe in the persuasion strategy of advertising (Sheth 1974). We believe that the behavioural-evaluative brand loyalty is developed by the reinforcement (instrumental) conditioning process in which the consequences following a purchase of the brand strengthen or weaken future behavioural tendencies and evaluations. In addition, the informational sources such as the commercial, social, or the neutral sources (Howard and Sheth 1969) also strengthen or weaken the behavioural-evaluative brand loyalty.

3. Behavioural-emotive brand loyalty. This type of brand loyalty is also two dimensions. It represents the systematic and biased response tendencies toward the brand and concomitantly

the consumer has emotive tendencies toward the brand. It is probably most common among children who are primarily the consumers of the brand and manifest affective, compliance or fear responses. However, we believe that it is not inconceivable to find behavioural-emotive brand loyalty even among adults, especially when they are not the buyers of the brand. For example, the husband being loyal to a brand of dessert either due to the simple affective tendency or due to the compliance tendency. In general, we should expect the manifestation of the behavioural-emotive brand loyalty in situations where the consumer and the buyer are distinct individuals. For example, the housewife buys the brand regularly and likes it because her husband likes it as a consumer. We also think that this type of brand loyalty is often manifested when the brand has some distinctive feature such as colour, size, and design or has a distinct image developed by advertising which are not essential to the utility of the brand, for example, the distinctive styling of an automobile or the package of a brand of perfume.

We theorize that the behavioural-emotive brand loyalty arises from the contiguous conditioning and possibly also from the informational sources which communicate to the consumer directly. As contiguous learning, it is representative of the evocative and predictive integrations suggested by Osgood (1956).<sup>v</sup>

4. Behavioural-evaluative-emotive brand loyalty. This is the most complex type of brand loyalty consisting of all the three dimensions. It is analogous to what Day (1969) calls "intentional" brand loyalty. Also, it meets all the six necessary and collectively sufficient conditions which Jacoby (1971) has specified as part of his definition of brand loyalty.

The behavioural-evaluative-emotive brand loyalty is perhaps the most common type of brand loyalty which has been often suggested in consumer psychology and marketing by the proponents of the hierarchy-of-effects models (Howard and Sheth 1969, Lavidge and Steiner 1962, Sheth 1970, Colley 1961). It probably also represents closest to the Rosenberg (1956) and Fishbein (1967) theories of attitude-behaviour relationship. Finally, it is this type of brand loyalty which can represent all the four functional aspects of attitude (utilitarian, knowledge, ego-defensive and value-expressive) suggested by Katz (1960). It is presumed that a strong consistency relationship exists among the three dimensions so that it is possible to predict one from the knowledge of the other two dimensions. While there have been several proponents of this type of brand loyalty, the empirical evidence is as yet not conclusive. Especially, there seems to be a relatively small correlation between the behavioural and the nonbehavioral components. See Sheth (1973) for some of the explanations in the context of prediction of purchase behaviour. The behavioural-evaluative-

emotive brand loyalty largely arises from the reinforcement learning of repetitive buying or consuming experiences. It is also likely to arise from the informational sources.

5. Evaluative brand loyalty. This type of brand loyalty is based on one dimension only. It is lacking in both the emotive and the behavioural tendencies. It refers to the individual's positively biased evaluation of a brand strictly based on the perceived utility function of that brand. There are a number of situations in which this type of brand loyalty exists. First, it is appropriate in all situations where the consumer is neither the buyer nor the user of the product but at the same time possesses the cognitive evaluative knowledge about the brand. For example, the husband has positive evaluative bias toward a brand which his wife is both the buyer and the consumer such as lipstick or pantyhose. Second, there are several situations in the broader context of consumer behaviour in which the consumer is expected to have evaluative biases for or against choice alternatives but is never likely to manifest choice behaviour. For example, evaluative tendencies toward religions, subcultures, political parties, and the like. Since there is no behavioural tendency in this type of brand loyalty, experience is not the relevant source of learning. It is, therefore, likely to be either generalization or informational.

6. Evaluative-emotive brand loyalty. This type of loyalty is probably more common than either simply the evaluative or the emotive brand loyalty. If consistency theories are of any usefulness, they have proposed a strong relationship between the evaluative and the emotive tendencies (Rosenberg 1956, Fishbein 1967, Sheth 1970). The evaluative-emotive brand loyalty is often prevalent in consumer behaviour for those products and services which are typically beyond the reach of the consumer, although he may strongly aspire for them. For example, Rolls Royce automobile is likely to have evaluative-emotive brand loyalty in the minds of most of us even though we may have never experienced the automobile either as consumers or buyers. Of course, this type of brand loyalty can only arise from informational sources or from generalizations.

7. Emotive brand loyalty. This type of brand loyalty consists of the emotive dimensions only. There seems to be a number of areas of consumer behaviour in which the individual has strong emotive tendencies toward a brand without any experience or evaluation. We believe that most of the stereotypes among nonusers of a product or service fall into this category. For example, a strong emotive brand loyalty towards a brand of beer on the part of a non-drinker or toward a brand of cigarette on the part of a non-smoker is probably based on the stereotype or imagery of the brand. Similarly, one member of the family may like a brand without any cognitive evaluation or experience simply because some other member in the

family likes it. The only sources of learning for this type of brand loyalty are information or generalization.

### **What does this mean for loyalty?**

Welcome to the world of the Butterfly Consumer and increasingly volatile behaviour. Because butterfly customers means those customers who switch over to another brand as soon as they do not get parity between what is served and what is expected and also when new product or service is in market.

How should we as marketers respond to this? We can counter some of the negatives by delivering consistently good quality and service – never forget the basics. After this there are three key principles. We need to understand and build relationships with the critical people in the network: the leaders and the connectors. We need to give people reasons to say good things about us. We need to build involvement over the longer term. These three are the same as the principles for building loyalty through relationship marketing (RM): RM enables us to identify the critical people in the network, our current brand advocates and high value consumers. RM enables us to share inside information with them, offer them special privileges or simply remind them of the benefits of our brand. RM gives us the opportunity to build dialogue with our consumers over a period of time, strengthening the relationship as mutual understanding develops.

### **What does loyalty mean to the consumer?**

But do consumers want a relationship with every brand they have ever used or might use at some point in the future? Does loyalty vary significantly by sector? As marketers we can be so close to the brands we are responsible for that we lose sight of their importance in our consumers' lives – or in reality their lack of importance. Think of yourself as a consumer. How many minutes in a day do you spend thinking about the insurance company who are looking after your pension? The retailer where you bought your last suit? The brand of toothpaste you use? The manufacturer of the car you drive? The football team you support? Some probably matter more to you than others – but it's not always rational!

### **What is true loyalty?**

In the days of the Butterfly Consumer, 100% loyalty is virtually impossible – there's too much choice and variety for that. In the drinks market for example, why does brand share in many categories vary considerably between the on and off trade? If loyalty were the main driver of both purchase and consumption for the individual consumer, it follows logically that they would be more or less equal. However, the buying behaviour and buying situation is significantly different – in the on trade brand choice is often secondary behind choice of

venue, and is more likely to be determined by distribution power and availability. In the off trade, the consumer makes a more conscious decision – faced with a greater choice, weighing up brand and price: hence the increasing power of own label spirits.

Five years ago consumers did not switch credit cards. Then MBNA, Advantage and other aggressive new entrants arrived in the UK and bought business through very low or even 0% interest offers. Consumers recognise a good deal when they see one, so they flocked to these companies. They also discovered it was quite easy to switch cards. So once the introductory offer came to an end with one provider, they moved on to the next. Loyalty becomes irrelevant: the deal is king, and as marketers we proactively encourage this behaviour - then bemoan it when it works against us, not for us.

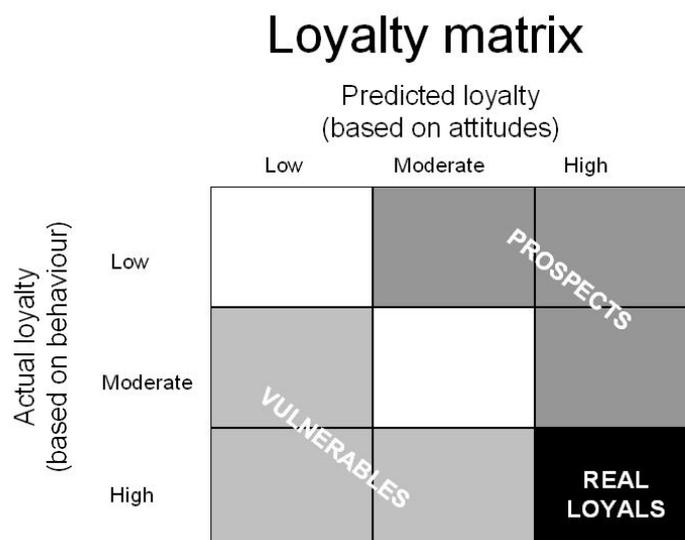
### Loyalty as a combination of attitude and behaviour

Research by Rubinson and Baldinger suggests that the nature of the relationship between consumer and brand depends on both attitude and behaviour (figure 3).

A key conclusion from the research was the link between these two attributes:

“The convergence of attitudes and behaviour has predictive characteristics, since approximately two-thirds of brands either increased their market share from year to year when their ongoing mix of attitudinal to behavioural loyalty was positive, or decreased in share when their attitudinal profile was less loyal than their behavioural profile.”

Truly, loyal customers score high on both axis—they regularly purchase, consume or use the Brand and believe that they have strong emotional bond with it. Those, who feel positive about the brand, but do not buy it, are classified as **prospects**. And those, who buy but do not have emotional bond are called **vulnerable or butterflies**.



### **Measuring attitudinal loyalty**

The definition of staunch loyalty for an FMCG brand is likely to be 'It's my favourite beer brand' or 'it's the only brand of washing powder I use'. In a survey of football supporters, the definition is 'It's one of the most important things in my life'. Quite plainly, we need different measures for different sectors. Research by the Direct Mail Information Service and experience from qualitative groups show that consumers welcome attempts to build relationships far more from certain categories than others. Their consistent favourites are travel, cars, luxury goods and food and drink. Financial services barely make it onto the list – viewed more as a necessary evil. Yet investment decisions are fundamentally important in determining consumers' long-term affluence and lifestyle. So why is it so low involvement? Jeremy Bullmore, Chairman of WPP, challenged the audience at the Marketing Society Conference in Edinburgh recently by stating that he believes that there are no real brands in financial services. The marketing teams at companies such as egg and first direct might beg to differ, but few would be prepared to enter into a full-bloodied argument in defence of financial services marketing.

Direct marketing in financial services is highly measurable, but the common measures are purely about transactions and behaviour. We measure total response, cost per response, % conversion, cost per new customer, % active customers, current customer value, future potential value.... How many of our modelling techniques for measuring future potential take into account any measures of attitudinal loyalty? Yet we have seen

Its importance in the model above and it is a key driver of segmentation for other sectors investing heavily in relationship marketing, such as drinks brands. Perhaps the lack of transactional information for these sectors (where consumer purchasing data is owned by the retailers so not widely available to the brand owners) has led us to uncover a powerful predictive attribute that we overlook where we have a wealth of behavioural data?

Are consumers nowadays less likely to be loyal? Under the concept of the Butterfly Consumer, Four key factors lie behind this: increased affluence, ever-increasing choice, lack of trust, and the growth of networked communications.

### **Increasing affluence**

The first factor which shows the existence of butterfly customer is increasing affluence. This means, that the consumers are more showy today and want to do anything to look branded and trended and even have the power purchase to do so.

**Increasing choice**

As marketers, we have not been slow to take the opportunity to offer our wares to these increasingly wealthy consumers. Choice of products over many different sectors has multiplied substantially in the last ten years. On the one hand, raising of quality thresholds and technological advances in production mean even the cheapest, most basic products are likely to deliver what they say on the tin, and thus force their way into consideration. Whilst at the other extreme, the drive to add value has resulted, for example, in the availability of 6,000 different combinations of coffee – it would take you seventeen years to try them all if you chose a different one each day! It's rare these days for a consumer to define themselves by a brand or even a product category – thinking about alcohol, how many people in their twenties would say 'I'm a vodka drinker' or 'I'm a lager drinker'? The breadth of choice now available means most consumers have a wide repertoire, and their choice of the moment will depend on where they are, why they are there and who they are with

**Diminishing trust**

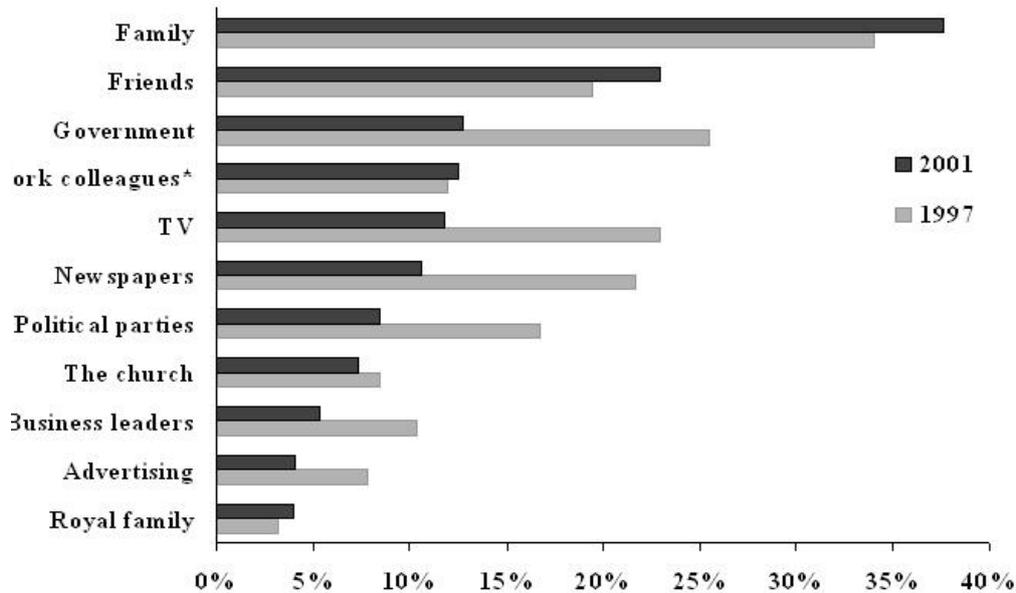
Consumers are becoming increasingly cynical in their overall attitudes to life. Who do they believe? Not the government about the safety of beef nor the safety of the MMR vaccine. Not the police after the Stephen Lawrence enquiry. Not the financial services industry after the endowment and Equitable Life scandals...the cumulative impact of story upon story and scandal upon scandal has meant the erosion of trust in authority and a rise in anti-corporate ideology.

**Growth of networked communications**

So where do consumers turn for advice and recommendations? Unsurprisingly, not to marketing and advertising. Increasingly, it is to their own personal network of family, friends and contacts and it is now so much easier to do so, thanks to the growth of networked communications – whether that's cheaper fixed line phone calls, mobile phones and SMS, or e-mail and the internet. The speed of these connections and lack of distance as a barrier mean messages spread rapidly.

# Changed sources of influence

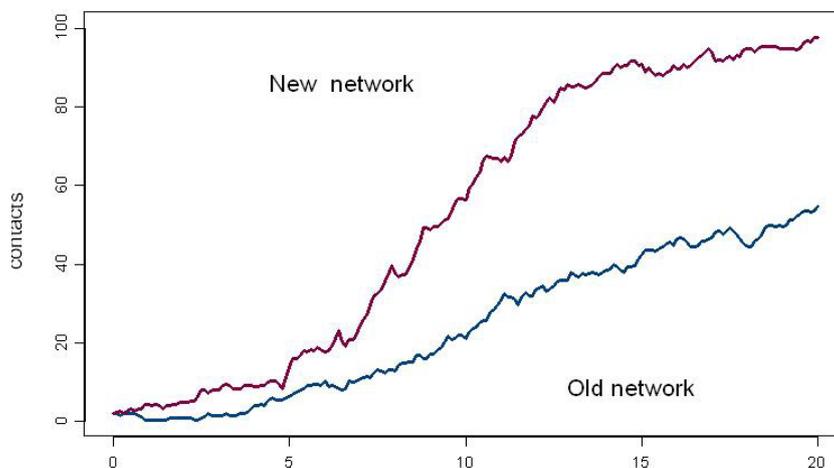
*% saying they are influenced a lot - UK*



Source: 'The Responsible Organisation', The Future Foundation/BT/'Changing Lives', nVision

© the future foundation

## More connections, more w-o-m



## CONCLUSION:

### 6 Ways to Create Brand Loyalty<sup>vi</sup>

1. **Be Better than Anyone.** What is your one thing and how can you do it better than anyone? This is not to say to only have one product but more to focus on what you really do better than anyone else. Being better than anyone else does not allow for consumers to consider alternatives as they know that they cannot receive what they get with you elsewhere. Chris Brogan says it best in his Do One Thing Very Well post.

2. **Belonging.** Create a sense of belonging whether it be via a “community” that is exclusive to your brand to give people a reason to want to wear that badge. Answer why should they be associated with you and loyal to you. Go beyond the we have a great product and identify why people would want everyone to know that they are connected to you.

3. **Credibility.** This is more than doing what you say you will or a product that does what you say it will. Remember we are talking about how to build loyalty with the tools available. You may have a great product, message but your marketing materials are photo copied or a profile that is a template and not reflective of your brand identity. Well done, aesthetically pleasing and user focused organized websites, materials and profiles give a sense of credibility which leads to trust.

4. **Accessibility.** These ties into belonging as if the “right” person is accessible, people want to be a part of that to say that they “know” this person or the CEO of the company reached out to me. This is where the humanization of the brand comes in as we are able to connect and really let people know that behind the brand is a consumer, family man/woman, etc who eats lunch, drinks coffee, etc.

5. **Connection ability.** How do you speak to your audience? Learn to talk like they do or teach them how you want them to talk about you. This is widely used with tag lines and the brand message however there are times that a brand takes on a new “language” that is driven by the audience. Know this and adopt it (so long as it is what your brand represents). Outside Nevada, it is pronounced Na-vah-da where locally it is Neh-vada. While some may use the outside version locally to grab attention, the focus goes off of the product/service and becomes about how the name is not pronounced properly.

6. **Repeat.** Stay on top of what consumers are saying and avoid being stale or changing too fast. Brands have a very long shelf life and those that are on top of where change or the shift in the mindset of consumers are able to adapt and maintain loyal customers. Be proactive and not reactive to try and pull people back as once they are gone, they are gone.

Brand loyalty is more than the product itself. Yes, it has to perform well, actually better than any alternative so there is no alternative in the mind of the consumer but place this more in the aspect of behavior. Socially how does your product fit into their social development and why should it? Why should they want to be a part of your brand and what emotionally will they gain? In some areas it will be the perceived value vs the quality (think laundry detergent) where with a television shows it is about the connection to the characters and the plot.

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<sup>ii</sup> Day, G. S. "A two-dimensional concept of brand loyalty." *Journal of Advertising Research*, 1969, 9, 29-35.

<sup>iii</sup> Engel, J. E., Kollat, D. T., and Blackwell, R. D. *Consumer Behavior*, New York: Holt, Rinehart & Winston, 1968 and 1973

<sup>iv</sup> Katz, Daniel, "The functional approach to the study of attitudes," *Public Opinion Quarterly*, 1960, 24, 163-204

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<sup>v</sup> Osgood, Charles E. (1957), "Motivational dynamics of language behavior," in Marshall R. Jones, ed., *Nebraska Symposium on Motivation*, University of Nebraska Press, pp. 348-424.

<sup>vi</sup> [www.chrisbrogan.com](http://www.chrisbrogan.com)