The Jeopardy in Double Jeopardy

Over the past year, several authors have participated in a useful dialogue on brand equity in these pages. The essential questions are these: (1) Do most brands remain stable over time, and if so, is the debate really that important?; (2) What is the relative value of attempting to measure, and affect, brand penetration versus brand loyalty?; (3) Is it worthwhile to measure brand attitude?; and (4) Is it possible to arrive at methods that would combine measures of both behavior and attitude, so that a brand's long-term potential to grow can be predicted? Data will be presented that presents a case for the incremental value of measuring loyalty and reaffirms that attitudes can be usefully measured and incorporated into a predictive model. Additionally, data will be offered which confirms the importance of arriving at such models, since many brands show evidence of dramatic increases or decreases in brand strength, when measured over an extended period.

ALLAN L. BALDINGER
The NPD Group, Inc.

JOEL RUBINSON
The NPD Group, Inc.

OVER THE PAST YEAR, A SPIRITED and public discussion has begun on a variety of topics critical to the proper strategy of growing the brand (Baldinger and Rubinson, 1996, 1997; Ehrenberg, 1996, 1997; Dyson, Farr, and Hollis, 1996, 1997). As part of that ongoing dialogue, we would like to set forth our position on the issues of importance to marketers.

The important questions emerging from this dialogue are these:

Can brands be made to grow through smart marketing, or is growth just a random event? Ehrenberg seems to argue that marketing support has limited effects, since he believes that brand shares either remain "static" or move in a random pattern. We argue that most brands show clear evidence of "brand health" (or lack thereof) since brand shares can, in fact, change fairly dramatically over an extended time period, for explanable and often controllable reasons.

Is it important to measure loyalty? For example, which strategy is more likely to increase brand share, one based on increasing a brand's penetration, or one based on increasing a brand's loyalty/purchase rate among buyers? Ehrenberg tends to focus on the merits of penetration, while we tend to argue for a more-balanced approach, incorporating both penetration and loyalty. (NOTE: See box on page 41 for a simple explanation of these terms.)

Is it possible and useful to incorporate measures of attitudes toward the brand in attempting to improve the brand's long-term health and prospects for growth? Ehrenberg seems to find little merit in measuring brand attitudes, while we feel that such a link is not only possible but absolutely necessary. In fact, it is our belief that one cannot arrive at an understanding of *why* one brand is healthy, while another is unhealthy, without forging this linkage to brand attitude.

I. ARE BRANDS AND CATEGORIES "STATIC" IN MARKET SHARE OVER TIME?

Ehrenberg suggests that market shares of brands really don't change much over time. He therefore implies that *marketing efforts in general, and advertising in particular,* have relatively limited effectiveness, since nothing truly important, like market share, or penetration, is likely to be effected by the marketer's efforts in a predictable way. Why worry about changing attitudes toward the brand, or the loyalty associated with those attitudes, if the brand's position is immutable?

It is our belief that there are dangers inherent in Ehrenberg's stated points of view. This is at least as much due to how the reader might misinterpret Ehrenberg's position, as it is to his stated positions on their own. For example, the conventional wisdom (at least in the United States) is that the most effective method of gaining penetration for the brand lies in the heavy use of sales inducements, such as coupons or pricing actions. Conventional wisdom also states that, if one's objective were, rather, to reinforce the attitudes or loyalty of existing brand buyers, advertising might be the preferred strategy. To dismiss the importance of loyalty could, consequently, imply that advertising should also be dismissed as a marketing strategy. Perhaps the conventional wisdom in Europe differs from this interpretation. Perhaps Ehrenberg simply does not realize that his penetration-oriented message might encourage an emphasis on short-term-oriented, and dangerously misdirected, marketing actions. Nevertheless, this is how one might interpret Ehrenberg's views. Hence, we feel that it is critically important to engage in a meaningful dialogue concerning the extent to which brands really do change in their basic positions over time.

It is, no doubt, true that many brands, and categories, would appear reasonably stable, when looking at behavioral measures alone, such as market share, and when looking at a brief time frame, such as from one year to the next.

It is only when the marketer looks at changes in volume and share *over an extended period,* say 5 to 10 years or more, when it can be seen that Ehrenberg's observation is almost universally inaccurate. It is difficult to bring clarity to the merits of alternate points of view here, due largely to the lack of mutually agreed upon definitions.

For example, we might define a "stable" category as one where no brand, within the top five, were to increase, or decrease, in volume or share, by at least 50 percent over a 10-year period. Under that definition of stability, *we would hypothesize that there are virtually no stable categories.* Indeed, using this definition, the U.S. Instant Coffee, as enumerated repeatedly by Ehrenberg, would be one which was characterized by dramatic instability, when analyzed over the long term.

. . . in all categories examined to date, there are clear "winners" and "losers" when the dynamics of market share are analyzed over an extended period.

In order to shed some light on this issue, we have begun to assemble long-term data on market shares across a variety of categories. Initial findings will be reported here from the first categories examined; a subsequent journal article will greatly expand this analysis.

Table 1 presents data from eight categories, selected from published figures on brand sales (*Adweek,* 1990, 1996). Categories were selected if they were included in both the 1990 and 1996 reports, if the sources of sales data were consistent, and if the Top 4 brands were included in both reports. (Obviously, these are conservative assumptions, since categories in which one or more brands either entered the Top 4 in rank, or left, are unstable automatically.) Market shares were constructed based on brand volumes for these brands, as reported. There were a total of 60 brands included in this initial analysis (please contact the authors for details on the brands).

Here are some observations:

- Over the course of a five-year period, *the No. 1 Brand stayed No. 1 in six out of eight categories, or 75 percent of the time;* this is about as far as we can go in supporting the argument of "static brands."
- However, in most cases (also six times out of eight), *the No. 1 Brand declined in share,* with the declines ranging from 4 percent to 29 percent; note that this finding is very similar to the findings of the classic PIMS analyses (Light, 1989; Buzzell and Gale, 1987; *Note:* Buzzell and Gale found that No. 1 brands were more and more likely to show declines in market share over time as their market shares grew larger, despite maintaining their No. 1 position—this is hardly an argument for stability).
- Also, *the smaller the brand, the less stable its market position.* Brands ranked 2, 3, or 4 stayed in their same rank only 46 percent of the time. Brands ranked below 4 stayed in their same rank only 32 percent of the time.
- And, the smaller the brand, the more volatile was its change in actual share level over this five-year period. A total of 39 percent of the brands ranked between 5 and 10 in 1990 changed in share by at least 20 percent over this period. A very small number of these lower-ranked brands remained "static" in either volume or share over this period (e.g., only 25 percent stayed within 5 percent of their original share).

In other words, *in all categories examined to date, there are clear "winners" and "losers" when the dynamics of market share are analyzed over an extended period.*

II. IS IT IMPORTANT TO MEASURE LOYALTY?

Logically, there can be little question that there is value in gaining brand trial, since no brand can exist without it. One cannot achieve loyalty among buyers without the existence of buyers. However, it is simultaneously true that a brand cannot exist for long if every brand trier immediately abandons the brand for another. Brand penetration is of vital importance to the new brand attempting to gain a foothold in the market. At the same time, the retention of loyal buyers is of vital importance

TABLE 1

Brand Sales Figures for Eight Categories for 1990 and 1995 (as reported by *AdWeek*)

Indices

Apparel 95/90 Share Index	Beer 95/90 Share Index	Fast Food 95/90 Share Index	Autos 95/90 Share Index	TV Networks 95/90 Share Index	Cleaners 95/90 Share Index	Hotels 95/90 Share Index	Airlines 95/90 Share Index	No. of Brands Increased	No. of Brands Decreased	% Increase	% Increase
93	88	85	114	71	96	94	130	2	6	#1 Brands	25%
123	89	106	85	91	120	90	101	4	4		
109	169	64	111	94	55	83	113	4	4	#2–4 Brand	58%
83	132	96	110	477	143	140	113	6	2		
94	105	147	89			105	94	3	3	#5–10	43%
83	72	129	102			115	90	3	3		
95	64	83	95			83	61	0	6		
79	87	108	77				0	1	4		
	155	208	104				194	4	0		
			102					1	0		

Summary

1990 Share Rank	Apparel 1995 Share Rank	Beer 1995 Share Rank	Fast Food 1995 Share Rank	Autos 1995 Share Rank	TV Networks 1995 Share Rank	Cleaners 1995 Share Rank	Hotels 1995 Share Rank	Airlines 1995 Share Rank	Still Ranked the Same	*AdWeek* Data % the Same
1	2	1	1	1	3	1	1	1	6	75%
2	1	3	2	2	1	2	3	2	4	50%
3	3	2	6	3	2	4	5	3	3	38%
4	5	4	7	4	4	3	2	4	4	50%
5	4	5	3	6			4	5		
6	6	8	5	5			7	6	9 out of 28	32%
7	7	9	9	7			6	7		
8	8	7	8	10				9		
9		8	4	8				8		
10				9						

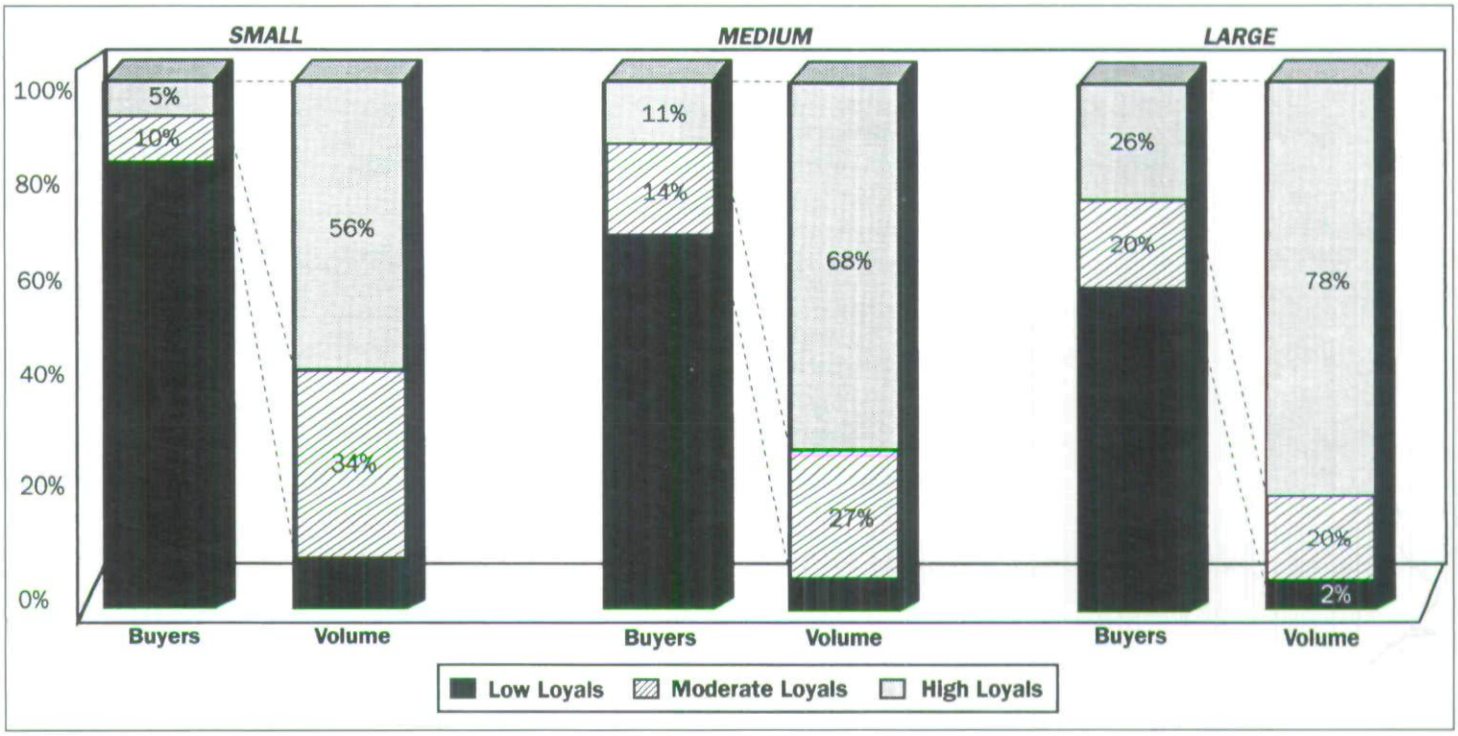

Figure 1 How Important Are High Loyals?

to the brand with a 100 percent share trying to hold on to it.

We would, therefore, concede that the debate should be centered on the question of the relative *weight* that should be placed on the two basic measures. The definition of penetration is reasonably clear: the proportion of category buyers who purchase the brand at least once during a given time period (for fast-moving consumer goods, or FMCGs, this is usually a year). However, arriving at useful measures of loyalty is a bit more difficult.

Ehrenberg frequently points out that the buyer base for most brands (at least in packaged goods) contains a relatively small base of 100 percent loyal, or exclusive, buyers. He also points out that a proportion of whatever exclusive buyers exist for the brand are in fact light buyers of the category, since a one-time buyer, during the course of a year, is simultaneously the lightest category buyer, and exclusive to a brand. He then seems to imply that loyalty should be dismissed as a concept because such buyers are of little volumetric importance.

It is true, that in a world of numerous brand choices, few consumers buy one brand exclusively. Consequently, when the BrandBuilder Model was being developed in 1992, we quickly moved to a broader and more useful definition of loyalty.

We define a High Loyal to a brand as a

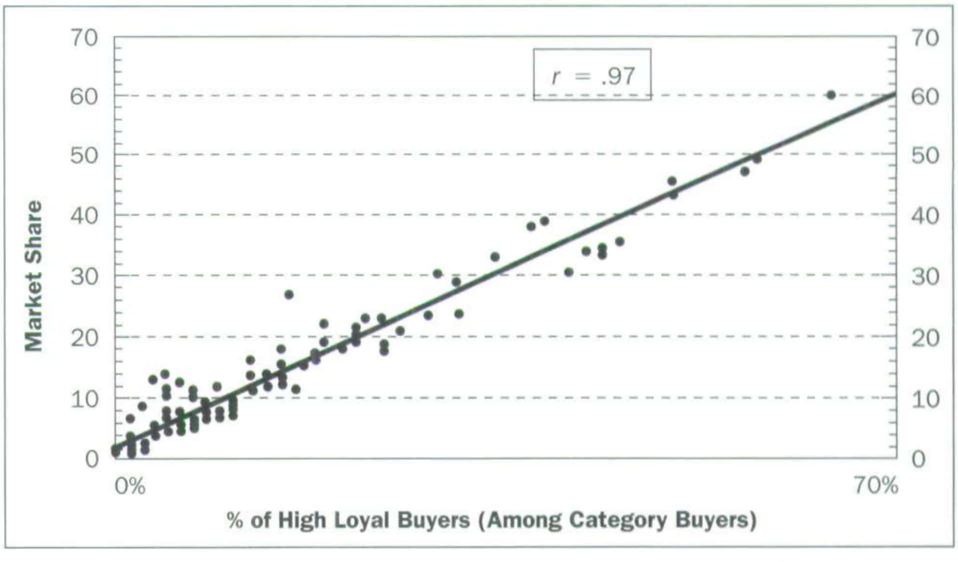

Figure 2 Market Share vs. Loyalty (% of High Loyals, within Category Buyers)

Base: 117 brands, across 22 FMCG categories

consumer who gives more than 50 percent of their category requirements to that brand. We define a moderate loyal as a consumer who gives more than 10 percent and up to 50 percent of their requirements to the brand, and a low loyal as those giving 10 percent or less (including all nonbuyers to the brand in the category).

There are numerous benefits to this definition of a loyal buyer:

- *Under this definition, it can be demonstrated that the High Loyal buyers of the brand account for the bulk of brand volume.* For example, high-loyal buyers, relative to moderate or low loyals, become increasingly important to the brand's buyer base as share increases. On average, high loyals account for 56 percent of sales volume for smaller brands but 80 percent of volume for large share brands (see Figure 1).
- *The size of a brand's base of loyal buyers correlates almost perfectly with its market share* (see Figure 2, $R = .97$).

This definition also has the advantage of allowing category buyers to be divided into loyalty groups for each brand, so that each brand can be compared to one another using common measurement tools and definitions. For example, if the "average brand" were to have a 12 percent market share, we have found that category buyers can be distributed into approximately 74 percent Low Loyal buyers of the brand (including category buyers who do not buy the brand at all, or may never have heard of it), 14 percent Moderate Loyals to the brand, and 12 percent High Loyals to the brand, a number roughly equivalent to its market share (Baldinger and Rubinson, 1996).

These findings demonstrate that loyalty is critical to brand volume, is highly correlated to market share, and can be used as the basis of predicting future market share; consequently, understanding loyalty appears critical to any meaningful analysis of marketing strategy.

DEFINITIONS OF KEY TERMS

Market Share: The proportion of total category purchases accounted for by a given brand, in a given time period. Share can be calculated based on unit volumes, dollar volumes, or equivalized unit volumes (e.g., ounces, pounds).

Penetration: The proportion of category buyers who have purchased the brand at least once during a given time period. (For Fast Moving Consumer Goods, this is usually a 12-month period.)

Share of Requirements: The proportion of volume accounted for by a brand, within its base of buyers.

Here's an example. Suppose there are only three buyers in the category and three brands. During the course of a year, this is how many purchases there might be of each brand by each buyer.

	Brand A	Brand B	Brand C	Total
Buyer No. 1	4	12	0	16
Buyer No. 2	8	0	4	12
Buyer No. 3	0	6	2	8
Total	12	18	6	36

Brand A has a Market Share of 33 percent (i.e., 12 purchases out of 36 in total), a penetration level of 67 percent (i.e., two out of three category buyers bought it), and a Share of Requirements of 43 percent (i.e., 12 purchases out of the 28, made by its two buyers). Brand B has a 50 percent share, a 67 percent penetration level, and an SOR of 75 percent.

Share of Requirements is the most-commonly accepted measure of loyalty, at least for FMCG categories. It separates the question of whether anyone buys the brand from the question of how much they buy of it, when they do. In a way, Penetration and Share of Requirements extend the concepts of "trial" and "repeat rate," vital to the establishment of successful new products, into established brand marketing. Penetration is analogous to trial. Share of Requirements collapses the measures of repeat rate, and purchase rate among buyers, into one commonly used measure of loyalty.

The importance of share of requirements

A commonly used measure of brand loyalty is the brand's "share of requirements" (SOR), which can be thought of as a brand's market share among those who have bought the brand at least once. As such, penetration times share of requirements is approximately equal to market share (after adjustments for heaviness of use). Double Jeopardy refers to the fact that small brands, relative to larger ones, tend to have lower penetration rates, *and* lower purchase rates among buyers

These findings demonstrate that loyalty is critical to brand volume, is highly correlated to market share, and can be used as the basis of predicting future market share; . . .

(thereby being "jeopardized twice"). Ehrenberg has chosen to infer that double jeopardy implies that loyalty measures are redundant with penetration and, therefore, that penetration is all that is needed to explain the existence of large versus small brands. We find this conclusion to be entirely unsupportable. In fact we have data, from our own work, that validates that share of requirements adds critical predictive value to modeling market share.

Let us take this a step at a time.

The findings we are reporting here are based on a database of 117 brands. In all cases, market share, penetration, and share of requirements come from longitudinal panel data, sourced from either The NPD Group (diary panels), or client-provided data from scanner purchase panels. In three product categories there are enough brands to separately analyze each category.

Is share of requirements redundant with penetration?

The answer is no. If the two measures were completely redundant, they would be so highly correlated that just using one measure would really be like using both. The correlation of annual penetration and share of requirements should be analyzed within product category. As noted above, we have three categories with enough brands to conduct such an analysis. The adjusted R^2's between annual penetration and SOR for the three categories are .63, .47, and .60. Therefore, the percent variation in share of requirements that is explained by penetration ranges between half and two-thirds; while these regressions are all highly significant and support the notion of double jeopardy, they certainly indicate loyalty and penetration do not move together perfectly.

Does share of requirements add predictive value to modeling market share versus using penetration alone?

The answer is yes. The regression equation that includes both penetration and share of requirements yields adjusted R^2's of .95, .97, and .98, respectively. Examining the partial correlations reveals that penetration and SOR are roughly equally explanatory in two categories, and SOR is more explanatory in the third (see Table 2). Hence, these results strongly suggest

TABLE 2

Correlation Coefficients, Penetration, and SOR to Share

			Partial Correlations	
Category	**No. of Brands**	**R^2 (penetration, SOR)**	**Penetration to Share**	**SOR to Share**
22 categories combined	117	.89	.85	.64
Category B	11	.95	.84	.82
Category R	10	.97	.92	.91
Category T	10	.98	.87	.96

NOTE: All correlations are significant at the 99% level.

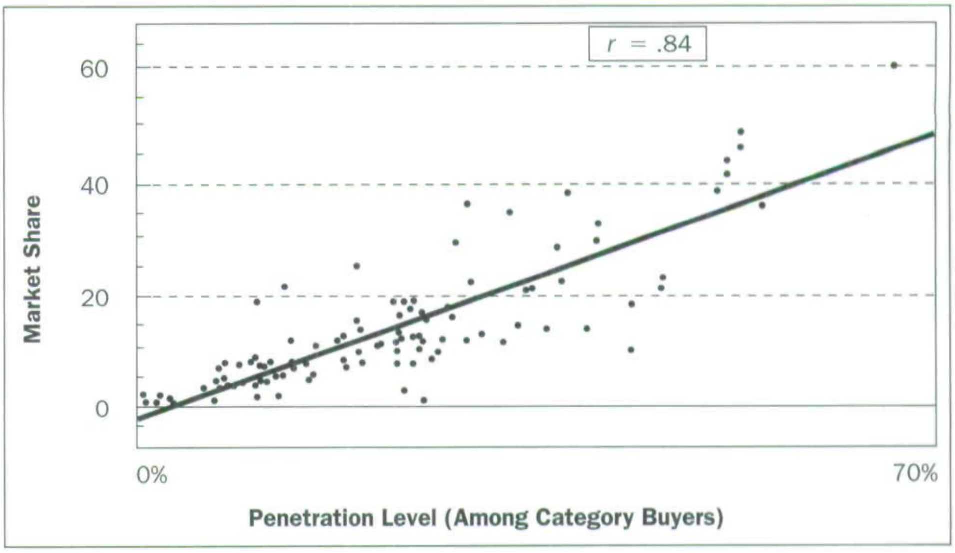

Figure 3 Market Share vs. Penetration

Base: 117 brands, across 22 FMCG categories

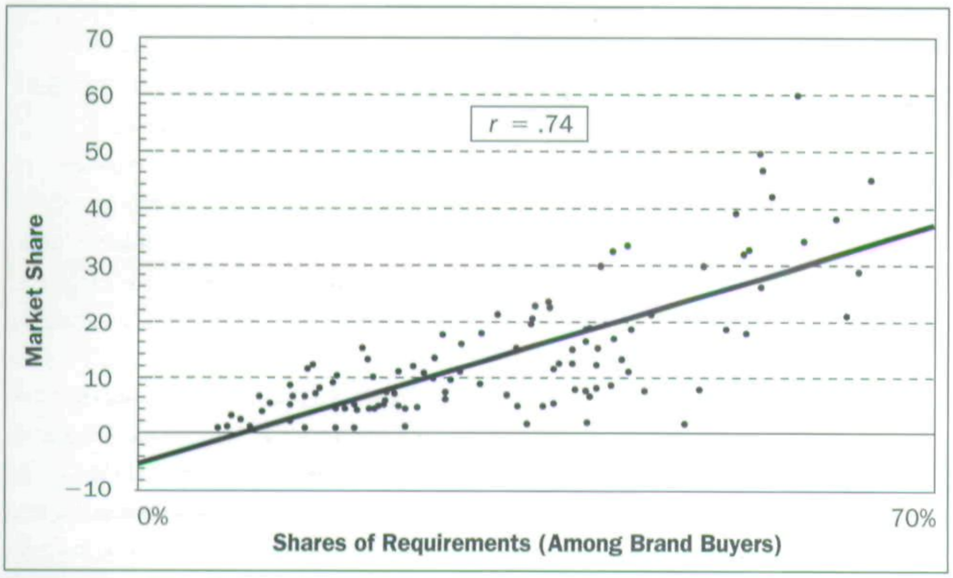

Figure 4 Market Share vs. Shares of Requirements (Among Brand Buyers)

Base: 117 brands, across 22 FMCG categories

that loyalty, as reflected by SOR, is at least as important as penetration, if not more so, in driving market share.

Figures 3 through 10 show these relationships, as scatter plots. Interestingly, Figures 11 through 14 describe a difference in the relationships between penetration and SOR, relative to market share, for large-share brands versus small-share brands.

The major observation to be made here is that *share of requirements, as a measure of loyalty, becomes more-closely related to market share as a brand becomes larger*. Consequently, if the marketer's goal were to increase its brand's share, might it not be advantageous to consider the possible role of loyalty in building that share? See Table 3.

III. IS IT POSSIBLE AND USEFUL TO INCORPORATE MEASURES OF ATTITUDES TOWARD THE BRAND INTO AN UNDERSTANDING OF ITS LONG-TERM HEALTH?

Ehrenberg frequently refers to survey-based measures such as purchase intentions when defining the term "attitude." We would consider such questions to be surrogates for behavior rather than purely attitudinal measures. Rather, when we refer to brand attitude, we are referring to the specific characteristics of the brand which effect behavior to the brand, such as "high quality," "good taste," "convenient to use," "good value," etc. By a careful examination of the specific *attitudinal drivers of loyalty* in a given category, we have found that it is indeed possible to arrive at methods of predicting behavior from attitude. While Ehrenberg's work with panel data from the 1970s is well known, it appears that he places much less value on attitudinal surveys. In the 1990s, we believe that an integration of the two sources is essential to completely understand a brand and its potential.

As previously reported, the size of the high-loyal group 12 months into the future can be predicted by the modeling of attributes to loyalty that is used standardly in BrandBuilder. By implication, this means that future market share changes can be predicted from discrepancies in behavior and attitude (see Figure 15).

In our recent *JAR* article, we presented data that described the BrandBuilder model's ability to determine, at a high level of statistical confidence, the ability to forecast which brands would either increase in market share, or decline, through the proper integration of behavioral and attitudinal data.

Yet, Ehrenberg contends that "prescriptions are only useful if they actually work," thereby implying that the prescriptive component of our work is either invalid or falsely stated. We must reassure Ehrenberg that the data as we reported it is indeed accurate. Once consumers with strong versus weak attitudes to the brand have been properly classified, it can be demonstrated that *the consumers who are both loyal to the brand and have strong attitudes to the brand are more than twice as likely to be still buying the brand a year later.* (See Figure 16.)

TABLE 3

Simple Correlation Coefficients, Penetration, and SOR to Share

	No. of Brands	Penetration to Share	SOR to Share
22 Categories Combined	117	.84	.74
Low Share Brands	60	.64	.31
High Share Brands	57	**.75**	**.72**

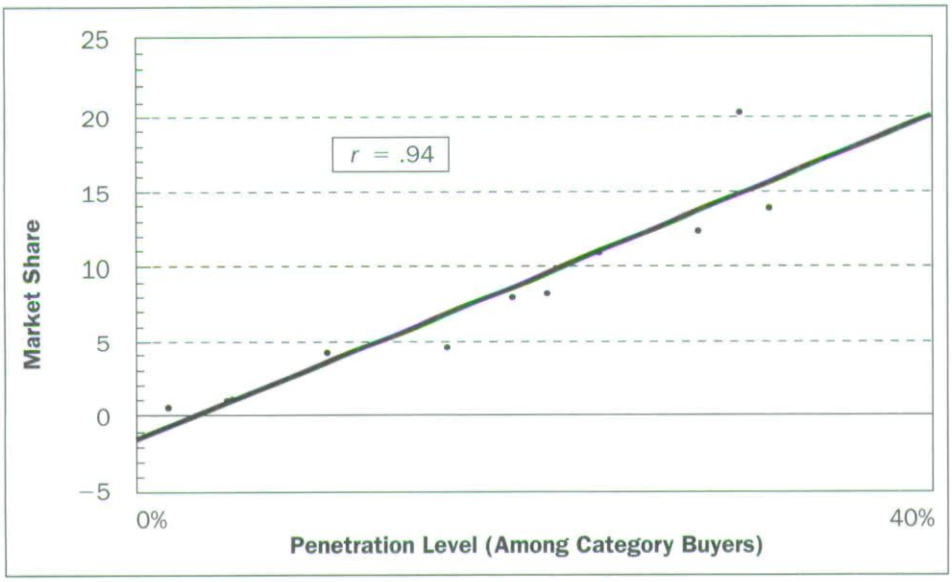

Figure 5 Market Share vs. Penetration Category B (11 Brands)

Base: 11 brands, in one FMCG category

. . . consumers who are both loyal to the brand and have strong attitudes to the brand are more than twice as likely to be still buying the brand a year later.

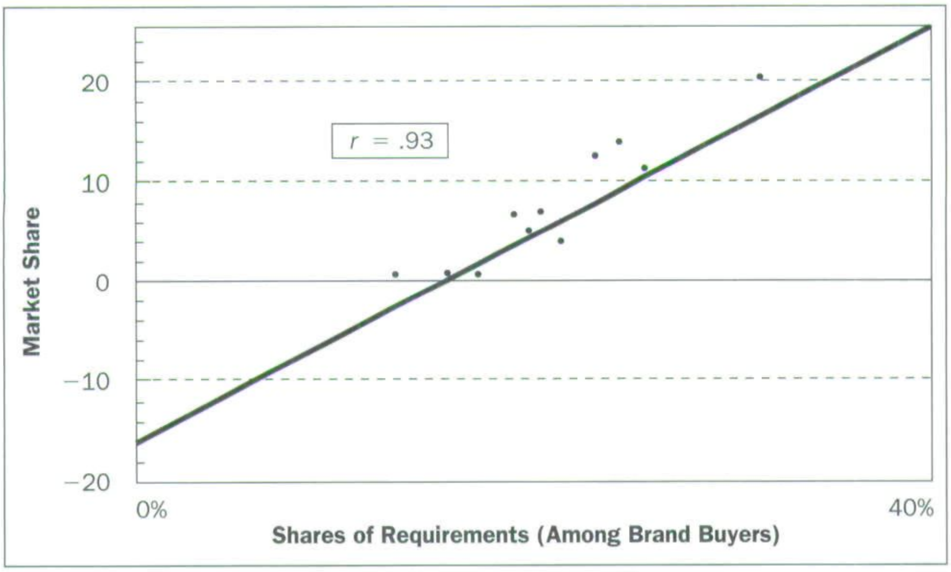

Figure 6 Market Share vs. Shares of Requirements Category B (11 Brands)

Base: 11 brands, in one FMCG category

IV. THE DIFFERENT PRESCRIPTIVE MARKETING APPROACHES OF PENETRATION VERSUS LOYALTY-BASED GROWTH STRATEGIES

Ehrenberg seems to have his curiosity satisfied by believing that big brands tend to stay big, with no predictable ways in which marketing activities, consumer perceptions, or product quality influence growth. However, the real value of marketing information lies in its ability to effect certain marketing actions. Ehrenberg seems to downplay this part of the equation, perhaps because he doesn't believe in predictable ways of generating growth. We infer that he would suggest the use of aggressive store dealing, since he postulates that penetration is so highly correlated with market share, that loyalty measures add no explanatory value, and since many marketers tend to believe, rightly or wrongly, that pricing actions and sales promotions are the most effective tools at generating penetration.

Certainly, Ehrenberg has painted a nightmarish world of marketing that we can now happily refute. In his nightmare, penetration at all costs would appear to be the universal marketing snake oil; this takes us down the road of the use of price inducements to gain customers with little thought to product quality or customer satisfaction, or even the communication of existing benefits via advertising.

Our guess is that he would embrace product quality as a strategy for increasing penetration. "Not bad," we would say, since it is clear that higher retention of buyers from year to year should lead to higher penetration. However, isn't that really loyalty? Isn't the best way to grow penetration, therefore, based on loyalty? Isn't the best way to grow loyalty to improve what current and potential buyers think of our offering through continuously searching for improvement in product and service quality and in image-building efforts?

We propose that the goal is not to confuse the customer by gaining trial with enticing deals for me-too products but to delight the customer with a superior offering that will maximize long-run loyalty. This loyalty-based strategy does not mean that we suggest ignoring trial; in fact, a proper loyalty-based strategy is equally focused on retention and conversion. We have found that, on average, brands retain 53 percent of high-loyal buyers from year to year. Furthermore, brands with weak attitudes among high-loyal buyers tend to retain such buyers at lower rates from year to year. Since the percent of high-loyal buyers is strongly correlated to market share, lost buyers must be replenished through conversion, if a brand is to hold or increase share.

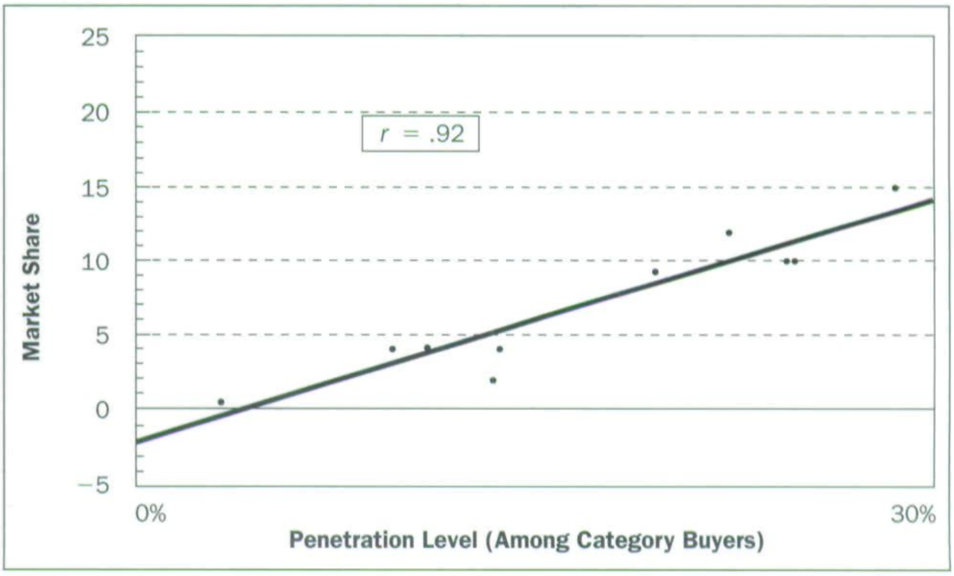

Figure 7 Market Share vs. Penetration Category R (10 Brands)

Base: 10 brands, in one FMCG category

V. A NEW TYPE OF DOUBLE JEOPARDY

We have also shown that those buyers who are loyal to some other competitor are most likely to switch if they are attitudinally favorable to your brand (called "prospects"). However, our data reveal that the brand with weak attitudes among its current high-loyal buyers usually does not have a sufficient pool of prospects either. This provides a definition for a new kind of "double jeopardy": *brands with relatively low proportions of high-loyal buyers having strong attitudes about the brand will tend to lose these loyal buyers at a higher rate over time.* This implies that such brands need to generate greater rates of conversion of nonbuyers into high loyalty. Yet such brands tend to have relatively smaller pools of "prospects," i.e., nonbuyers who are attitudinally favorable to the brand, thus being doubly penalized by an oversized "vulnerables" pool and an undersized "prospects" pool.

Therefore, in the way that we operationalize loyalty, from both a behavioral and attitudinal perspective, we think that we are truer to the concept of double jeopardy than Ehrenberg seems to be.

In much of what Ehrenberg has published, he would seem to believe in a theory of perhaps One and a Half Jeopardies, at best. He would appear to posit that the loyalty half of the equation is only "somewhat" related to share, as an arti-

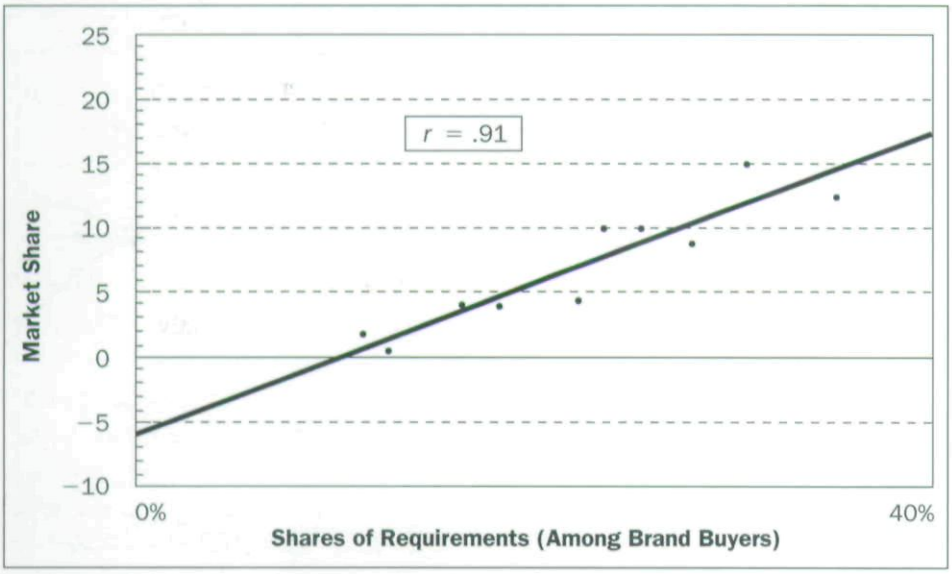

Figure 8 Market Share vs. Shares of Requirements Category R (10 Brands)

Base: 10 brands, in one FMCG category

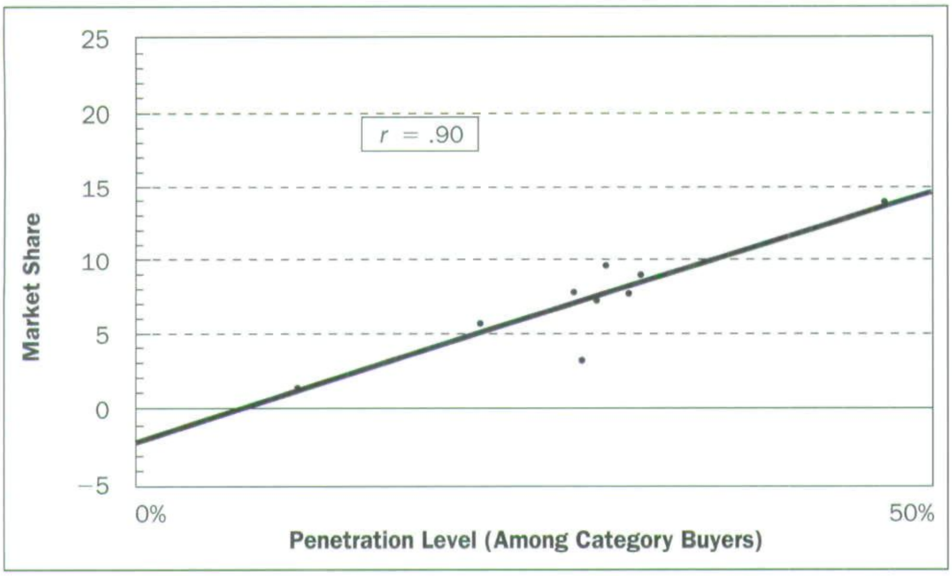

Figure 9 Market Share vs. Penetration Category T (10 Brands)

Base: 10 brands, in one FMCG category

There are no mutually-agreed-upon definitions of brand attitude, or how to measure it. That does not mean that all attempts at measuring attitude to the brand should be discontinued. To conclude that attitudinal measurement has little merit would simply encourage marketers to conclude that advertising has little or no effect, merely because the measurement of its effects was not even attempted.

VIII. CONCLUSIONS

We have shown here that measuring loyalty, using appropriate metrics, is not only possible but is highly related to market share. Furthermore, Share of Requirements has been shown from our data to

fact. We would be hard pressed to give more weight to a penetration-based strategy, relative to a loyalty-based strategy, based on our data.

Isn't it . . . logical to conclude that the successful brand is the one that maximizes both its ability to generate penetration *and* loyalty, not either one in isolation?

VII. WHY ARE ATTITUDES IMPORTANT?

It is relatively straightforward to arrive at mutually-agreed-upon definitions of behavior and how to measure it. Most marketers will agree on appropriate definitions of market share, profits, and even metrics like penetration and shares of requirements. In fact, these measures have proliferated over the past decade and have been used to measure behavior at smaller and smaller time intervals (e.g., weekly scanner data, at the store level). Yet, good advertising, and effective sales promotions, have effects on what consumers know about brands, and how they feel about brands. If the communication is effective, and well-targeted, the influence on the consumer is likely to be attitudinal, well before, and well after, it affects actual behavior.

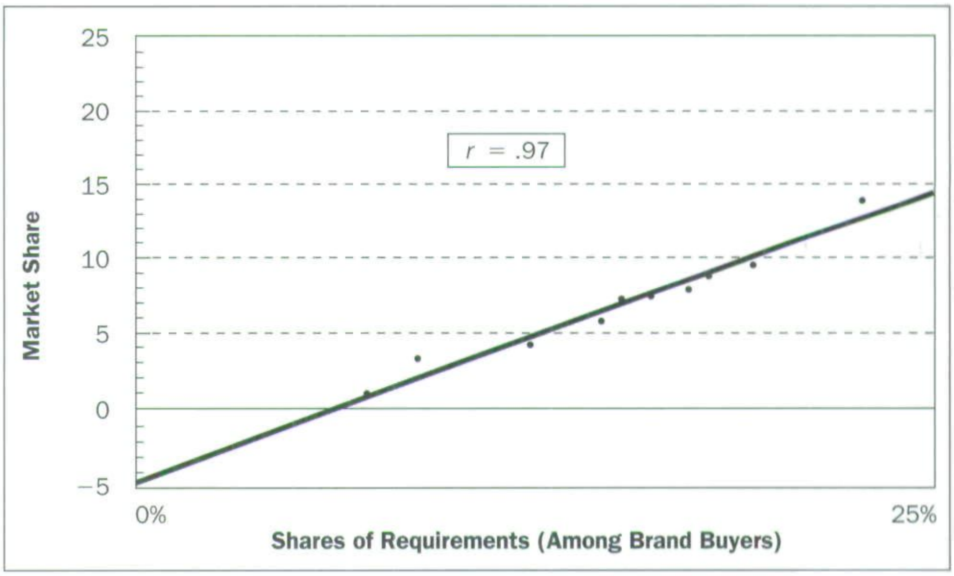

Figure 10 Market Share vs. Shares of Requirements Category T (10 Brands)

Base: 10 brands, in one FMCG category

significantly add to the explanation of differences in market share across brands versus using penetration alone. We have also provided a review that documents the degree to which brand shares can and do change over time. Combining these findings implies that increasing loyalty should be critical to becoming one of the growing brands, rather than one of those brands left in the dust. We have previously documented the higher retention rate of loyal buyers over the course of 12 months who had attitudes that were consistent with their behavioral loyalty and the higher rate of conversion of nonbuyers who have favorable attitudes. We have also commented on a new type of double jeopardy since brands with weak attitudes among loyal buyers tend to also have weak attitudes among nonbuyers, thereby providing a smaller pool of "prospects." Loyal behavior is critical to a brand's success, but strong attitudes are critical to building loyalty.

It is only logical that a brand cannot exist without penetration and that a brand cannot survive long without some retention of its buyer base. Isn't it then also logical to conclude that the successful brand is the one that maximizes both its ability to generate penetration *and* loyalty, not either one in isolation?

Marketeers are interested in understanding what their brands stand for, and what attributes they own, then nurturing these equities, in order to make the brand grow. To do this we need to know what drives loyalty; how we can make consumers loyal to our brand behaviorally; and how to bond them to the brand attitudinally. Penetration will increase over time if the marketer is successful on its loyalty-building mission. The tools are well-known: advertising, promotion support, pricing, and product quality. A penetration-at-all-costs strategy would lead to emphasizing promotion and lower price and not wasting effort at measuring brand perceptions. A loyalty-based strategy would lead to placing emphasis on advertising and product or service quality—and carefully monitoring brand personality. We leave it to the marketers to decide which worldview they wish to embrace. JAR

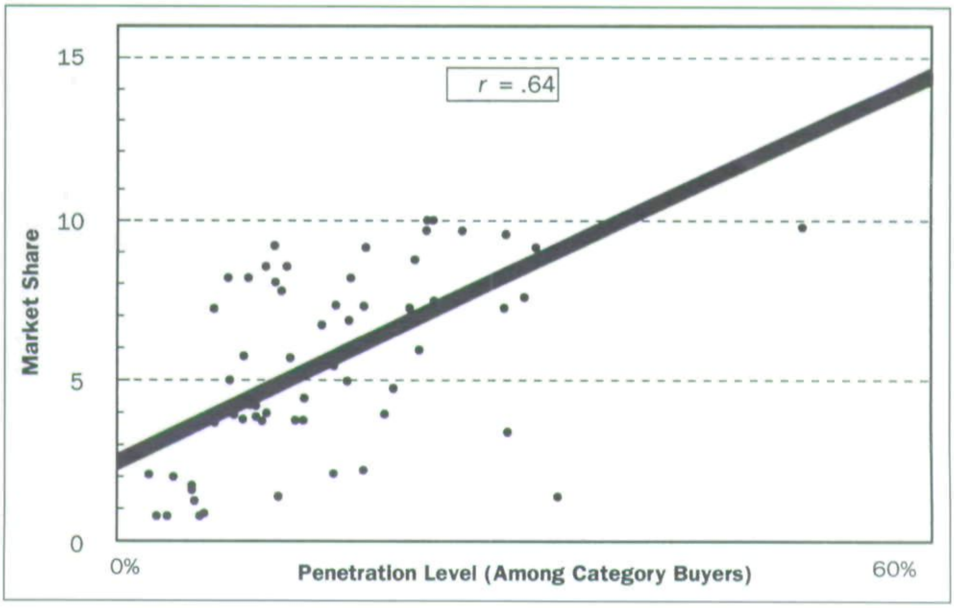

Figure 11 Market Share vs. Penetration—LOW Share Brands (0.7% to 10%)

Base: 60 brands, across 22 FMCG categories

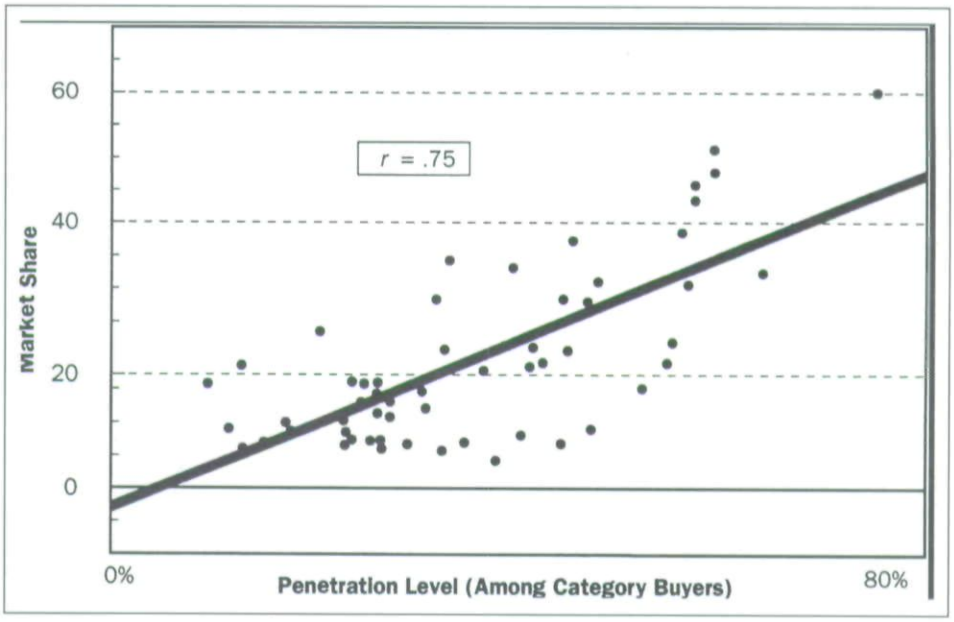

Figure 12 Market Share vs. Penetration—HIGH Share Brands (10.1% to 60%)

Base: 60 brands, across 22 FMCG categories

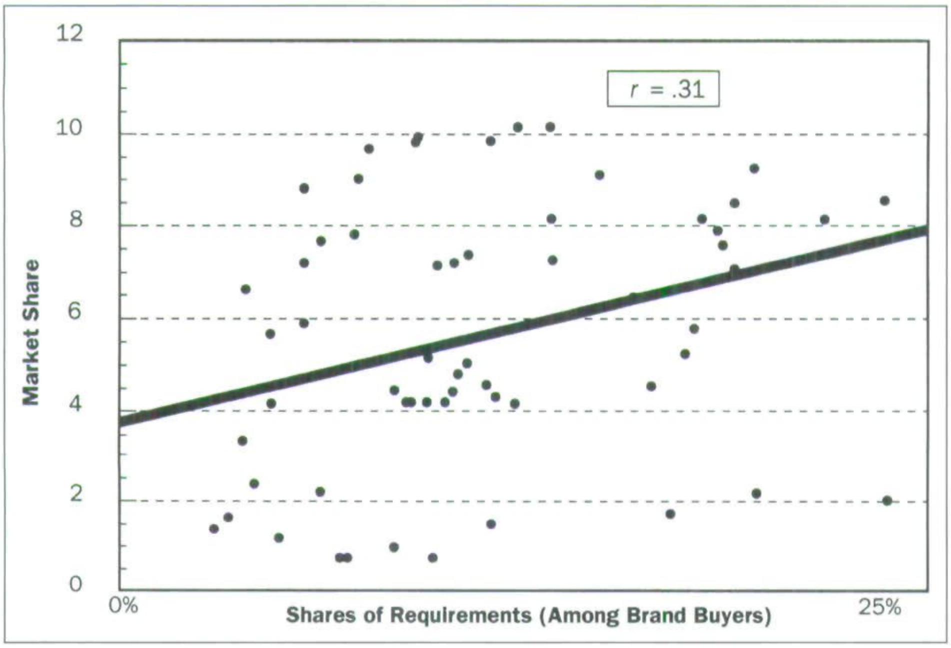

Figure 13 Market Share vs. Shares of Requirements—LOW Share Brands (0.7% to 10%)

Base: 60 brands, across 22 FMCG categories

Figure 14 Market Share vs. Shares of Requirements—HIGH Share Brands (10.6% to 60%)

Base: 57 brands, across 22 FMCG categories

ALLAN L. BALDINGER is Vice President, Brand Equity Services at the NPD Group. He joined NPD in early 1993 and since mid 1995 has assumed the responsibility for the Marketing of BrandBuilder, NPD's model designed to manage and track a brand's equity.

Prior to that, he was senior vice president, director of marketing research at the Advertising Research Foundation. In that position, he was responsible fo Prior to that, he was senior vice president, director of marketing research at the Advertising Research Foundation. In that position, he was responsible for r overseeing all of the ARF's activities involved in the various aspects of marketing research.

Before joining the ARF in 1986, he spent over 17 years in corporate marketing research. Between 1980 and 1986, he was the market research director at the Mennen Company, and between 1973 and 1980, was manager of marketing research at the Warner-Lambert Company. Between 1969 and 1973, he held research positions at Miles Laboratories and Sandoz Pharmaceuticals.

He received a bachelor's degree in mathematics from Colgate University in 1967 and an M.B.A. in marketing from Columbia University in 1969.

email: Al_Baldinger@NPD.com

JOEL RUBINSON is the chief research officer for the NPD Group, after 12 years as president of NPD's ESP/Marketing Models Division. He was the principal developer of BrandBuilder™, NPD's Brand Equity Measurement System and also developed and enhanced NPD's ESP® forecasting model.

Before joining NPD, he worked at Lever Brothers, where he was group manager of Technical Marketing Research Services, managing, among other responsibilities, Lever's use of The Hendry System. He has taught at the New York University Graduate School of Business and lectured at Columbia, Dartmouth, Wharton, and the University of Rochester. He received an M.B.A. from the University of Chicago in statistics and economics and holds a B.S. from New York University. Mr. Rubinson has published in the AMA's *Marketing Research Magazine* on brand equity. He has also written articles for the *Journal of Marketing Research*, the *Journal of Advertising Research*, and *Management Science* and is a frequent speaker at industry conferences.

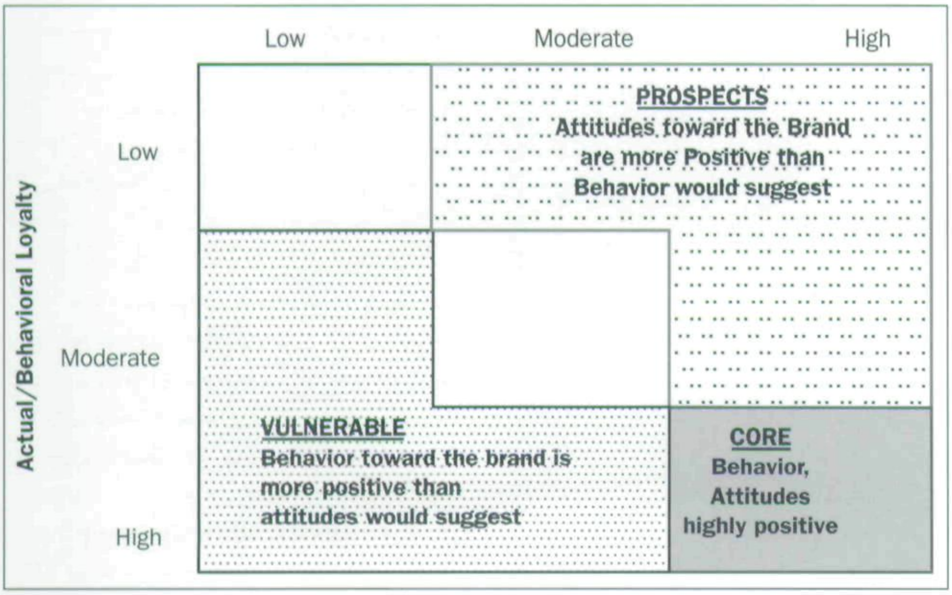

Figure 15 Predicted Loyalty (Based on Attitudes)

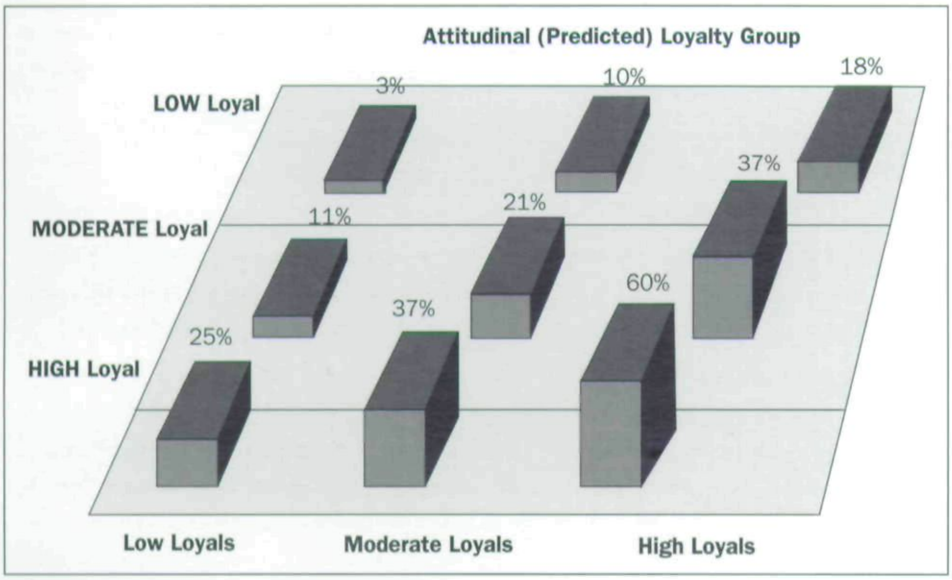

Figure 16 Actual Relationship between Attitude and Behavior, Based on Benchmark to Post Wave Movement

REFERENCES

BALDINGER, ALLAN L., and JOEL R. RUBINSON. "Brand Loyalty: The Link between Attitude and Behavior." *Journal of Advertising Research* 36, 6 (1996): 22–34.

———, and JOEL R. RUBINSON. "In Search of the Holy Grail: A Rejoinder." *Journal of Advertising Research* 37, 1 (1997): 18–20.

BUZZELL, ROBERT D., and BRADLEY T. GALE. *The PIMS Principles—Linking Strategy to Performance.* New York, NY: The Free Press, Division of Macmillan, Inc., 1987.

DYSON, PAUL, ANDY FARR, and NIGEL HOLLIS. "Understanding, Measuring, and Using Brand Equity." *Journal of Advertising Research* 36, 6 (1996): 9–21.

———, ———, and ———. "What Does the Marketing Team Need: Description or Prescription?" *Journal of Advertising Research* 37, 1 (1997): 13–17.

LEFTON, T., and J. MCMANUS. "Superbrands 1996." *Adweek,* October 9, 1995.

———, and ———. "Superbrands 1990." *Adweek,* October 1990.

LIGHT, LARRY. "The Battle for Brand Dominance." In *Transcript Proceedings of the ARF 35th Annual Conference.* New York: Advertising Research Foundation, 1989.

MCPHEE, W. "Formal Theories of Mass Behavior." New York: New York Press, 1963.

Copyright of Journal of Advertising Research is the property of World Advertising Research Center Limited and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.