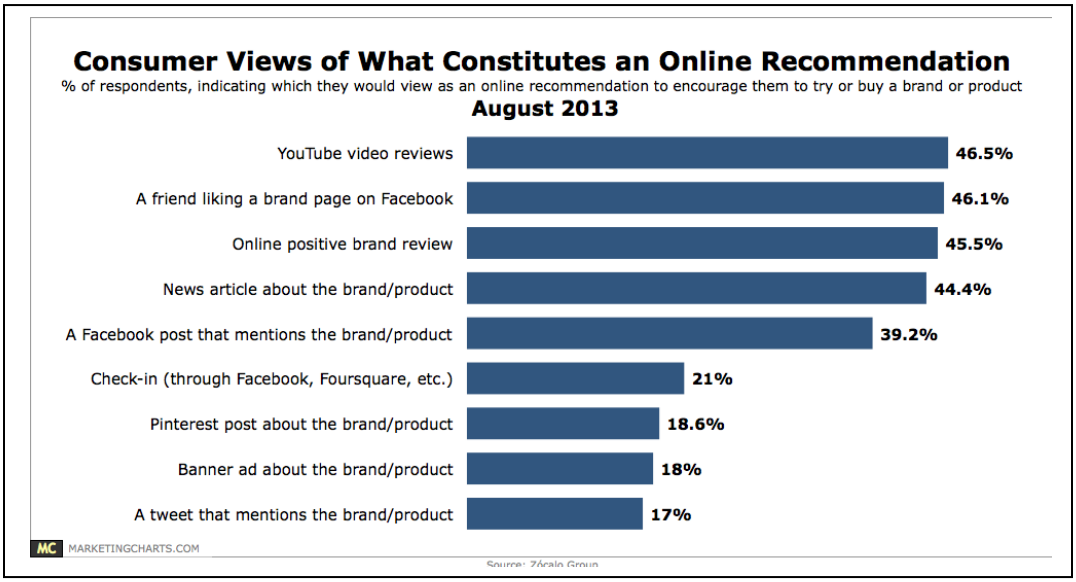
Brand Loyalty: Gold Standard for Customer Influence

Customer loyalty is spread through Word-of-mouth and brand recommendation, which influences 92% of buying decisions.

Companies are measuring Net Promoter Score (NPS), a customer loyalty metric to monitor recommendation status of their brands. NPS is much broader than customer satisfaction. Brand recommendations on both offline and online equally influence purchase decisions.

- Research says 7% increase in word-of-mouth increases company sales by 1% and 2% reduction in negative word-of-mouth increases sales by 1%. 12% increase in brand advocacy enhances revenue by 2 times.
- *Customer purchase is influenced by online* sources such as 46% by online positive brand review, 46% by Facebook likes and 47% by video review on YouTube
- *Customer buying decision is influenced by Offline sources such as* 65% by someone who loves the brand and 64% by friends using the product
- Customers rely on trusting sources for their purchase decision such as close friend 80%, family member 73%, brand advocate 39%, and product expert 30%
- Customers are influenced by Peers 20 times more than celebrity endorsement.
- 49% Loyal Customers tell others positively about the product to influence them to make right brand choice.
- Companies have to make the choice of right channel and right advocate to influence purchase decision because all channels are not the same.

Buying decision describes the process (five stages) a customer goes through when purchasing a product. The five stages are: problem recognition, information search, evaluation of alternatives, purchase decision and post-purchase decision.



Topic	Course
Buying decision: Understanding consumer buying behavior: Unit 5.5	Marketing Management

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