

Brand loyalty is being eroded by price sensitivity

Salmat's 2018 Marketing Report finds that to maintain brand loyalty, marketers must focus on price

Sydney, 10 July 2018: New research from Australian marketing services company [Salmat](#), has revealed that 40 per cent of Australian consumers don't consider brands whilst shopping and that price is the main factor in driving brand loyalty. Comparing consumers' shopping habits with the perceptions and practices of marketers, the company's second annual [Salmat Marketing Report](#) (SMR) found that customer loyalty continues to be a challenge for marketers in Australia.

Australian consumers aren't loyal to brands

The research found that the second top challenge that marketers identified was creating customer loyalty, just behind reaching new customers. When it comes to the consumers themselves, nearly one in five Australians state that they are loyal to only one or two specific brands and two in five consumers 'buy the products they need without taking much notice of the brand'.

Marketers are trying different tactics to encourage brand loyalty, but Salmat's research found there's a disconnect between what marketers are doing and what consumers find important. According to the research, marketers have indicated they are focusing on creating loyalty through quality customer service (47 per cent), offering trust, respect and promise (45 per cent), and developing quality products (40 per cent). But the research shows that first and foremost, consumers look for good value for money and competitive pricing (85 per cent) before anything else.

To maintain brand loyalty, marketers must focus primarily on value and quality

Consumers are increasingly price sensitive, which means price is a bigger influencer of purchase decisions than brand loyalty. The Salmat research showed that when it comes to pricing specifically, 65 per cent of consumers agreed that they like to try new products if they're on sale, or if they receive a discount or points for purchasing.

Price sensitivity varies across categories. For pharmacy and healthcare, groceries, and banking and finance, consumers are less likely to switch products if the price increases. However, in furniture and homewares, toys, hobbies, outdoors and travel categories, consumers are more likely to switch products if the price increases.

Following competitive pricing, consumers said quality of the products (80%) and customer service (76%) are the most important brand attributes to maintain loyalty. Positive online reviews (61%) and free trials, samples and discounts (48%) were also rated as important factors for maintaining brand loyalty.

Andrew Lane, Head of Sales & Client Engagement at Salmat said: "Winning customer loyalty is almost impossible to do today. Instead, the opportunity for marketers is to focus on ensuring they are getting the best price for their products in front of consumers via the right channel. This could be through an integrated approach using print, letterbox and digital - depending on the consumer's preference. Marketers are under a lot of pressure to increase brand loyalty and the recent research shows that if brands can remain competitive on pricing, and communicate that to consumers through the right cost effective means like catalogues, search and email, they have a higher chance of increasing sales."

Marketers unable to deliver brand loyalty due to technology challenges

The data also revealed that 86 per cent of marketers agree that technological advancements help collect better customer insights and customer analytics, but 68 per cent of marketers found it challenging to use technology to help create lasting one-on-one relationships with customers.

On the other hand, consumers expect marketers to use the information they have on them to offer a more personalised and one-to-one experience. Half of respondents stated that they believe the number one reason brands are collecting their personal information is to deliver relevant offers (51 per cent). However marketers are struggling to deliver on this promise and develop long-term relationships with consumers.

Andrew added: “When it comes to technology, marketers should focus on using the right tools to understand the vast amounts of data they are faced with. By understanding the data, they will be able to use it in the most effective way to reach consumers on the channel they want to be reached on, at the time of day they are most receptive, and with the products most relevant to them. It is these personalised experiences that will help drive loyalty considerably amongst customers.”

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About the research

All figures, unless otherwise stated, are from YouGov. Salmat commissioned YouGov to conduct an online survey between 13th October- 3rd November 2017. The sample size was 504 Australian marketing decision makers (from organisations with 25 employees or more), and 563 Australian consumers. The consumer sample figures have been weighted and are representative of all Australian adults (aged 18+).

About Salmat

Salmat is a leading Australian marketing services provider. We help clients connect with their customers, week-in, week-out. Salmat's unique combination of targeted letterbox and online marketing channels enables clients to Reach, Convert and Serve their customers. We also provide a wide range of back office solutions, through our Philippines-based Managed Services business.

Founded in 1979, Salmat has evolved from a small letterbox distribution business to an ASX-listed company. With a talented team across three countries we work with some of Australia's most recognised and trusted brands.

Reach: We offer the broadest reach media (online & offline), with the ability to target individuals and up to 17 million people. Convert: We deliver conversion across multiple channels, creating more opportunities for our clients' customers to buy. Serve: We make every one of our clients' interactions count online and offline.