

Brand awareness and customer preference

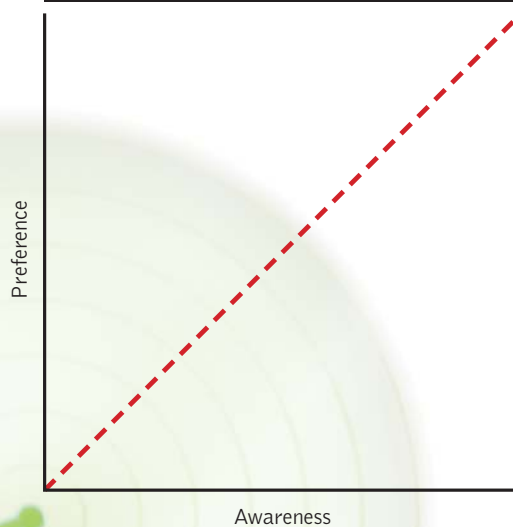
Market researchers have long known that buyer awareness of a brand strongly influences preference for that brand. Research now shows that 70% of buyers must be aware of your product before 25% of them will make it their preference. This is a much lower ratio than traditional marketing models suggest, reaffirming the fact that a high level of brand awareness is essential to achieving significant brand preference in your market.

Marketing Insights
from 5MetaCom

A new look at their critical relationship

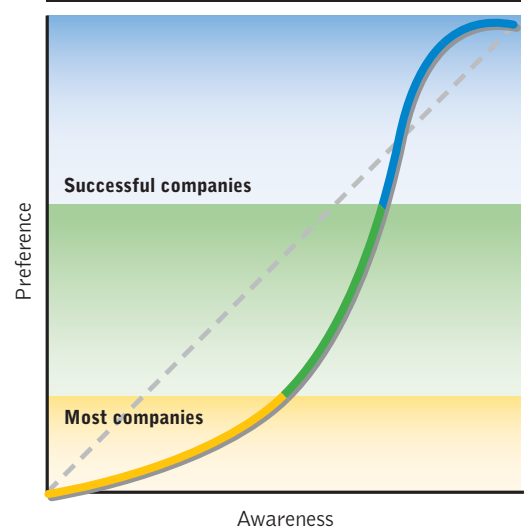
Two views of awareness and preference

Traditional awareness-preference model¹



Conventional models assumed a 1:1 relationship between brand preference and brand awareness.

Updated awareness-preference model²



The relationship between brand awareness and preference follows an S-shaped curve. Most companies must significantly increase awareness to achieve desired gains in brand preference.²

Initially, most companies must increase awareness significantly to achieve modest gains in brand preference.

As awareness increases, brand preference increases more rapidly.

Successful companies with high brand awareness reach a point where additional dollars spent on awareness create roughly equivalent returns in terms of preference.

Executive Summary

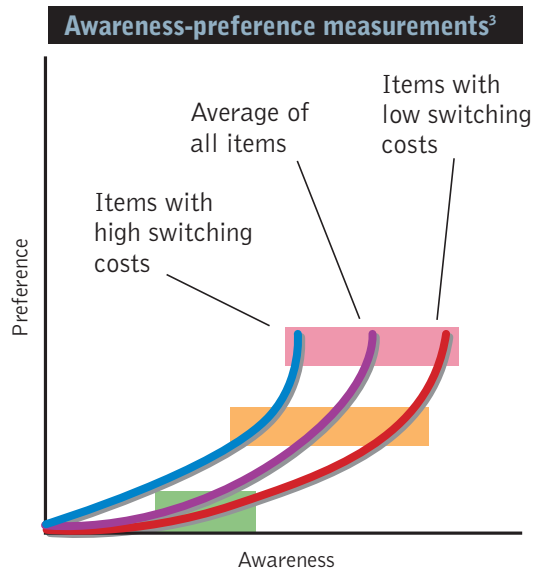
- Initially, brand awareness must reach about 15% before buyer preference reaches a threshold share of 2%.
- Brand awareness typically must exceed 70% to achieve 25% buyer preference.
- At 70% brand awareness, awareness/preference growth reaches a 1:1 ratio.
- Above 90% brand awareness, a 1% growth in awareness can yield growth in buyer preference that exceeds 1%.
- Products with high switching costs require a much greater investment in brand awareness to increase buyer preference.

High awareness leads to higher brand preference

- Further analysis of the data confirmed that the relationship between awareness and preference is logarithmic, not linear.³
- Awareness-preference ratios do not typically reach a 1:1 relationship until awareness levels are higher than 70%.
- As switching costs increase, the awareness level required to build brand preference also increases.

About the study

- Data compiled on more than 1,000 products
- Included 95 categories of materials and services used in the semiconductor manufacturing industry
- Data analysis conducted at Penn State Institute for the Study of Business Markets, 1990



For brands with greater than 90% awareness, a 1% increase in awareness resulted in a 1.25% increase in preference share.

Typically, a brand known by more than 70% of the market is preferred by 25% of customers. At this stage, brand preference increases 1% for each 1% increase in awareness.

With brand awareness at 30% and preference share at 4.2%, a 4% increase in awareness is required to produce an additional 1% preference share.

Although awareness/preference curves for some product classes were significantly higher or lower than average, they followed similar logarithmic patterns, indicating similar impact from increased awareness.

Awareness is key

Analysis shows that the highest brand preference increases come after substantial brand awareness is achieved.

Additionally, products with high switching cost and risk (e.g., medical systems or electronics) were found to require a much greater investment in awareness-building to increase brand preference.

¹ *Marketing Management*, Vol. 4, No. 4;13, 1996.

² J. Haughey, L. Hays, *Marketing Management*, Vol. 4, No. 4;13, 1996.

³ V. Kijewski, E. Yoon, Penn State Institute for the Study of Business Markets, 1990.