

A professional headshot of a middle-aged man with dark hair, smiling. He is wearing a dark suit jacket, a light-colored shirt, and a patterned tie. The background is a plain, light blue-grey.

# AU CONTRAIRE (1) **What Do We *Really* Know about Buyer Behaviour?**

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**“It ain’t so much the things we don’t know that get us into trouble. It’s the things we do know that just ain’t so.”** — Artemus Ward

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### Things That Just Ain’t So

What do we know about buyer behaviour? I mean what do we really know about why people buy? Do we really know if heavy users are more loyal than light users? Do we *really know* if users of niche brands are more loyal

to their brands than users of large brands to theirs? Do we *really know* that attitudinal key drivers provide any clues to marketing strategy? Do we really know whether loyalty programs work? Do we *really know* that advertising persuades consumers to buy? And do we *really know* that customer retention is cheaper than customer acquisition?

Most of us probably feel we do *really know* the answers to these questions (and there are others). Of course heavy buyers of our brand are more loyal; niche brand buyers are more attached to their brands than buyers of undifferentiated large brands to theirs; attitudinal key drivers can be used to increase customer satisfaction; loyalty programs work; advertising persuades consumers to buy; and it is more cost effective to make our current buyers buy more than it is to acquire new buyers. Even if we don’t explicitly say it, current marketing and research efforts indicate that we do act as if these things were true.

Except that there is no research evidence to support any of these beliefs. In fact, accumulated evidence points to the contrary.

### Ivan Ilych and Me

In the interest of full disclosure, I will admit that I myself believed many of these myths for a long time. Somewhere along the line, marketing models that didn’t live up to the hype and marketing theories that didn’t add up at all started to bother me. Like Tolstoy’s Ivan Ilych, who wondered towards the end of his life, “What if my whole life was wrong?” I wondered, “What if all I thought I knew about marketing was wrong?”

I started looking for answers in studies that have been replicated over and over again, and not in single studies based on significance testing.\* What I found surprised me and over-

turned many things I thought I knew.

This series of articles is about evidence-based understanding of buyer behaviour.

I’m not just speculating. Just consider the following:

- Marketing texts written in the 1950s and 1960s claimed that

eight out of ten new products fail. They still claim the same failure rate.

- We were told that if we used sophisticated mathematical and statistical models, and identified the key drivers, we could sell more products and services. There is no evidence that we could.
- Marketing experts told us that if we increased customer loyalty, the company would prosper. Almost all airlines have loyalty programs, and almost all airlines are struggling to survive. Does loyalty exist and, if it does, can it be increased?
- Brand extensions are supposed to bring great profits by appealing to segmented markets. Many brand extensions become extinct, as they end up confusing consumers.

What’s going on? We have brilliant minds trained in the business schools of Harvard, MIT, Wharton, Chicago and the like. We have many PhDs in our profession. Yet there is no evidence that marketing today is any more successful than it was fifty or one hundred years ago. Which marketer or researcher truly predicted the sudden decline of RIM in 2011? And who offered proven strategies to reverse the decline? Who predicted the astonishing ascendancy of Apple over the past ten years?

To be sure, today’s marketing is more “sophisticated,” has many moving parts, and is laden with theories and models. But is it any more effective? What do marketers know for sure today that they did not know some fifty years ago? We believe that we know more, but do we?

To find out how much we do know, two business professors (J. Scott Armstrong and Randall Schultz) in 1992 asked four graduate students to independently go through nine well-known marketing texts. Their assignment: to identify the managerial principles found in those nine texts.

While these texts contained over 500 principles, no evidence was provided by the texts to support most of them. Only twenty of the principles were distinct and meaningful. These twenty were subsequently sent to marketing professors, who rejected half of them. Eventually, only two were found to have supporting evidence.

The moral of the story is that what is taught in MBA marketing courses are prescriptions that sound reasonable, and not principles supported by proven research. For example, a statement like “To be successful, you should differentiate your brand” sounds very reasonable. But is there any evidence to support that it is true? The fact is that a large number of marketing generalizations are not based on data but on what sounds rational.

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**“Data! Data! Data!” he cried impatiently. “I can’t make bricks without clay.”**

— Sherlock Holmes  
(Arthur Conan Doyle)

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**“There is nothing more horrible than the murder of a beautiful theory by a brutal gang of facts.”**

— Francois de La Rochefoucauld

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## Predicting Buyer Behaviour Is Possible

In disciplines like physics, we have precise laws: the law of gravity, Boyle's law, and the like. They have been shown to hold under different conditions. They are precise; their effects are predictable. While gravity works the same way each time and the same way everywhere, a human being is a lot less predictable. We can never be sure that someone who bought Colgate toothpaste this time will or will not buy it the next time. Even if the consumer says that she is going to buy Colgate the next time, there is no guarantee that she will.

But the interesting thing is that while an individual is never fully predictable, collective action *can* be very predictable. In other words, while we may not be able to predict that a given individual would or would not buy Colgate the next time, we can predict the product's market share with near precision.

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**"While a man is an insoluble puzzle, in the aggregate he becomes a mathematical certainty. You can, for example, never foretell what any one man will do, but you can say with precision what an average number will be up to. Individuals vary, but percentages remain constant."**

— Sherlock Holmes  
(Arthur Conan Doyle)

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The prediction may not be as precise as predictions in physics; however, it will be close enough for marketing purposes.

### Lawlike Relationships

While hard sciences like physics have laws, in marketing we have "lawlike relationships." What are lawlike relationships?

*Lawlike relationships are approximate, but precise enough for our purposes.* By using lawlike relationships, we may be able to predict that our market share next month will

be 35 per cent. It may turn out to be 34 per cent or 36 per cent, but our estimate of 35 per cent is precise enough for us to act upon.

*Lawlike relationships are descriptive and not necessarily causal.* For example, we may be able to predict how many of our customers will be repeat purchasers the next time around, based on some recurring patterns of behaviour; we may not necessarily know why this pattern occurs.

*Lawlike relationships are widely applicable but not universal.* Because lawlike relationships are tested under different conditions, they are widely applicable. But they are not universal truths. There may be exceptions, and their applicability may be limited.

Many lawlike relationships showing how consumers behave have been identified by researchers. Unfortunately, they are not to be frequently found in marketing or research textbooks – or even in the arsenals of practitioners of marketing and research.

## Insights Hidden in Plain Sight

So how much do we know about buyer behaviour?

It turns out, quite a lot. But that knowledge is not all that widespread, and it is not what most of us believe to be true. In fact, in many cases, it is quite the opposite.

The purpose of this series of articles, *Au Contraire*, is to look closely at some widespread myths of marketing and research, and to replace them with knowledge supported by solid evidence. We will explore topics such as brand loyalty and repeat buying, key driver analysis and customer satisfaction, brand positioning and differentiation, and advertising and buyer behaviour.

We will see that what we think we know is not necessarily supported by evidence, that there are "things we do know that just ain't so."

### Endnote

\* One of the major problems with marketing research, and social sciences research in general, is blind faith in significance testing. Scientific principles are established through careful replications, not through significance testing. Using significance testing as a way to arrive at scientific generalizations is mostly nonsensical. But that is a different discussion.

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