



I want to address a distinction rarely made, which is growing in relevance: the difference between brand loyalty and customer loyalty.

In Shira Ovide's On Tech column in last week's New York Times, she declares, "The Internet Broke Brand Loyalty." And she's not wrong. Although her initial view of what brand loyalty is, is a bit narrow, referring primarily to the brands established by manufacturers and CPG marketers. By the end of her column, however, she seems to admit that new brands are being established and winning customer loyalty.

Let's start, as all conversations about commerce these days must, with Amazon. There's lots to dislike and distrust about our emerging Bezosian overlords. But I think most of us would agree that Amazon Prime is perhaps the most powerful loyalty program ever imagined. I don't care for the ease with which I use Amazon, for everything from snow chains for my car to late-night movies to watch. But my behavior is consistently loyal to the platform.

That's customer loyalty.

Brand loyalty, on the other hand, is about the product, not the process. By making so many brands so easily available, so easy to compare, and so effortless to order, Amazon and other platforms have surely weakened brand loyalty.

The engine that powers loyalty through personalization and effective targeting, is of course, data. And the platforms many of us use to order products, restaurant and grocery delivery, or to book travel, have indeed begun to dismantle the mechanics of loyalty, by making the platform the go-to brand, and most importantly, by keeping and using customer data, preventing the restaurant, store or brand from accessing information about their own customers. Egregious examples include Instacart, Door Dash, Kayak and Hotels.com. These intermediaries are building their brands on the backs of their own clients and partners.

The ease of marketing online has allowed start-ups like Dollar Shave Club to challenge dominant global giants, to the point where Unilever bought DSC a few years back for one billion dollars. So we certainly see brands – both products and platforms – successfully building customer loyalty.

At the same time, brands who depend on intermediaries aren't doing themselves any favors by giving away customer data – and thus, customer loyalty – to the rising platforms. *Your thoughts?*

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