How Brands Grow: What Marketers Don't Know

Byron Sharp

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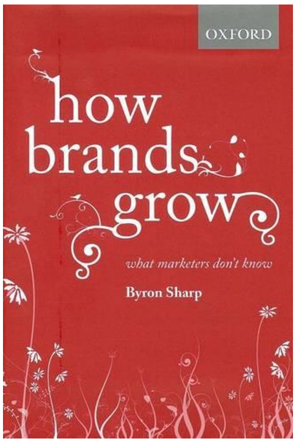

Sharp, B. (2010).
How Brands Grow: What Marketers Don't Know.
Oxford University Press.

Blurb from: Oxford University Press:

- This book brings science to marketing with practical findings that have been replicated, explained and generalised into 'laws' we can rely on. Until every marketer applies these learnings, there will be a competitive advantage for those who do.
- Melding logic and science with compelling insight, this books lays out important principles that every manager should know and apply.
- Employs an exciting evidence based approach to marketing.
- Provides insight for all business professionals about how to market their brands effectively.
- The author is Director of The Ehrenberg-Bass Institute - the world's largest centre for research into marketing. The Institute's research into evidence-based marketing is sponsored by many of the world's biggest brands.

1 Marketing works in lawlike, repeatable ways

The core claim of How Brands Grow is that buying behaviour is patterned, predictable, and surprisingly similar across categories, countries, and time.

Most marketers are taught that categories are special, that brands have special relationships with loyal customers, and that growth comes from being different, from loyalty programs, from targeting certain “types” of consumers with tailored messages. The book directly challenges that.

Sharp argues: brands mostly grow by acquiring more buyers, not by squeezing more loyalty from existing ones. This is measurable and repeatable across data sets.

So the goal of marketing is not *“to get people to love us more”*. It is *“to reach more people, more often, and be easy to buy when they’re in market”*.

Everything else follows from that.

2 Law 1: Big brands have more buyers. (Penetration is the main driver of size.)

When you compare brands in a category, what distinguishes large brands from small brands is not that their buyers are rabid superfans. It’s that they have many more buyers, even if most of those buyers are light.

In other words, Brand A (large) is not big because its buyers are ultra-loyal. It is big because far more people buy it at least once a year.

This is called penetration: the percentage of all category buyers who buy the brand in a period.

If Brand A has 40% penetration and Brand B has 10% penetration, Brand A will virtually always have higher total sales, even if Brand B’s buyers buy slightly more often on average. That’s the central empirical finding.

Mathematically, total brand sales in a period can be approximated as:

$$\text{Total sales} \approx \text{Number of category buyers} \times \text{Penetration} \times \text{Average units per buyer}$$

In real markets, the biggest swing term in that product is *Penetration.* It just moves a lot more than *Average Units Per Buyer.*

Implication for managers: Growth comes from increasing the number of category buyers who buy you at least once, not primarily from trying to make your current buyers purchase more often.

3 Law 2: Loyalty differences exist, but they're surprisingly small

Marketers often believe "our buyers are more loyal than theirs," or "premium brands have more devoted customers." The data say: not really. Yes, there are differences in loyalty across brands — but they are much, much smaller than people assume, and they are largely a mathematical side-effect of brand size, not a unique brand "relationship."

"Loyalty," in this context, shows up in two practical measures:

- Purchase frequency: how many times a brand's customers buy it in a period.
- Share of requirements: of all purchases a person makes in the category, what fraction goes to that brand.

These do tend to be a bit higher for bigger brands. But only a bit.

That is, large brands don't just have more customers — they also get slightly more of each customer's repertoire. But the key word is "slightly." You almost never see a niche brand with an ultra-devoted captive base that buys it and nothing else. Most buyers are "light and polygamous." They buy multiple brands.

This observation leads to one of the most famous patterns.

4 The Double Jeopardy Law

"Double Jeopardy" is a statistical law observed in repeat-purchase markets.

It says:

- Small brands suffer twice.
  - They have fewer buyers (lower penetration), and also
  - The buyers they do have are slightly less loyal (they buy less often / split their category spend across other brands more).
- Large brands benefit twice.
  - They have more buyers, and also
  - Those buyers are slightly more loyal.

So it's not the case that a small brand *"attracts a special kind of buyer who's deeply loyal"*. The opposite is typical: small brands tend to have light, occasional, disloyal buyers.

This is important, because many marketing plans are built on the myth that *"our brand has a devoted niche"*. For most brands, that niche mostly doesn't exist at scale. The problem is not loyalty. The problem is not enough buyers.

Implication for managers: it's a mistake to diagnose low sales as a "loyalty problem." It is almost always a penetration problem.

5 Growth comes from acquiring light buyers – and there are a lot of them

A key mental shift from the book is this: most of a brand's customers are not heavy users — they're light or very light users. They buy occasionally, they forget you exist between purchases, and they don't think much about you. They're also the largest pool of potential volume.

When you plot how many times each individual buys in a period, you don't get a neat bell curve. You get a shape where:

- A small number of people buy very frequently,
- A very large number buy once or twice,
- And a very large number buy zero times (non-buyers in the period).

This shape is described by the **Negative Binomial Distribution (NBD)**, which reliably fits purchase frequency data in many categories.

We can write the probability that a randomly chosen person buys the category exactly x times in a period as:

$$P(X = x) = \frac{\Gamma(x+k)}{\Gamma(k)\,x!}\left(\frac{k}{k+\mu}\right)^{k}\left(\frac{\mu}{k+\mu}\right)^{x}, \quad x = 0, 1, 2, ...$$

Here:

μ = the average number of purchases per person,
k = a "dispersion" parameter that captures how variable buying rates are across people.

From that distribution, we can get the share of people who don't buy at all in the period:

$$P(0) = \left(\frac{k}{k+\mu}\right)^{k}$$

What matters for marketers is what follows from this:

- Most of the category's annual buyers are actually very light buyers.
- Your brand's buyer base is mostly these light buyers.
- Losing or gaining a fraction of these light buyers has a huge effect on total sales.

This is completely different from the way marketers talk. Many plans obsess over *"top 20% of buyers who drive 80% of the volume"*. That story makes sense operationally (focus on whales), but it's strategically misleading, because:

1. There aren't enough whales to scale your brand if you only ever talk to them.
2. Heavy buyers are already heavy — by definition, they have less headroom to grow.

Light buyers are where most growth actually comes from.

6 Mental availability: Be easily thought of in buying situations

If growth is about increasing penetration — i.e., getting more people to buy you at least once — then the main barrier is often not price or feature. It's simply: *"Did they think of you at the moment of buying?"*

Sharp calls this mental availability.

Mental availability is the probability that a category buyer notices, recognises, or recalls your brand at the key buying moment. It's built over time by:

- Reaching large numbers of category buyers,
- Repeating distinctive brand assets (colours, shapes, taglines, characters, whatever is recognisably *"you"*),
- Refreshing memory structures so that buyers can retrieve the brand quickly in buying situations.

A brand with high mental availability is *"easy to think of"*. It comes to mind in more buying situations ("thirsty?", "Friday night takeaway?", "planning a holiday?", *etc.*). And when you are easy to think of, you get bought more often by light buyers.

This is a very different definition of *"brand equity"* than the classical one about deep, emotional brand love. The book treats memory access as practical and observable: do people notice you and think of you? Can they link you to the category and occasion?

7 Physical availability: Be easy to buy

A second growth lever is physical availability: how easy it is to actually buy the brand when someone is willing to.

Physical availability includes:

- Distribution breadth (how many outlets carry you),
- Shelf presence (how easy you are to find at the point of purchase),
- Packaging formats (do you exist in the pack sizes and formats people want),

- Friction at the moment of transaction (are you in stock, on tap, on the app, on the first screen, in the vending machine, etc.).

Mental availability asks *"will they think of us?"*
Physical availability asks *"can they get us right now?"*

Brands grow when both are strong. And the two reinforce each other. You become easier to remember as you become easier to buy (familiarity effect), and easier to buy as you are more mentally available (people ask for you, retailers stock you).

This is a practical media-and-distribution brief:

- Reach as many category buyers as possible.
- Be recognisable when you reach them.
- Be easy to buy when they want you.

It is not about narrowing down to "our most valuable segment."

8 Distinctiveness beats "differentiation"

Traditional positioning theory says: *"You must be meaningfully different"*. Sharp's data-driven view is more cynical: most buyers don't perceive meaningful functional differences between mainstream brands. And they don't need to. They happily rotate.

Instead, what matters is distinctiveness, not deep uniqueness.

Distinctiveness means: being visually and memory-wise easy to identify and link to prior exposures. Think McDonald's golden arches, Tiffany blue, or the shape of a Coca-Cola bottle.

Distinctive assets act like mental shortcuts. They let people say *"that one"* quickly, with low effort, in cluttered environments. Distinctive memory structures support mental availability.

So the question is not *"How are we fundamentally different and better?"* It's *"How do we make it very easy to recognise us, and buy us, in real buying contexts?"*

That means:

- Consistent brand assets,
- Consistent naming,
- Consistent look and feel,
- Consistent cues in advertising.

Marketers often get bored and *"refresh the brand"*. Buyers are not bored; buyers are barely paying attention. Consistency is a competitive asset because it builds mental availability, which feeds penetration.

9 Mass reach beats tight targeting (for established brands)

Much conventional marketing emphasises *"targeting high-value segments"* or *"focusing on likely switchers"*. Sharp's argument is: if growth is driven by penetration, and penetration comes from getting more light buyers and non-buyers to buy you occasionally, then you should be talking to all category buyers, not just some niche.

Two reasons:

- Light buyers and non-buyers are the future buyers.
- You can't perfectly predict who is "in market" next week.

The book recommends broad-reach media that continually refreshes mental availability across the whole category. Narrow targeting can absolutely make sense in very specific tactical cases (launching into a new geography, or B2B with tiny buying pools), but for typical consumer categories, over-tight targeting just means "you voluntarily chose not to talk to most of the category." And that sacrifices future penetration.

This is where the Ehrenberg-Bass view is blunt: if you don't reach them, you don't get them.

10 Price promotions and loyalty programs

Managers often hope that:

- Promotions will permanently boost loyalty, or
- Loyalty programs will turn light buyers into heavy buyers.
- The evidence in *How Brands Grow* says: no, mostly not.

Promotions can drive short-term spikes, but they tend to borrow from future purchases and attract deal-sensitive shoppers who behave that way everywhere. They're not "creating loyalists"; they're accelerating planned buys or shifting brand choice for this one trip.

Loyalty programs often reward existing heavy buyers rather than create new ones. That's comfortable (you see activity; you feel like you're "strengthening the relationship"), but it doesn't change the structural issue: penetration. You're primarily giving margin away to people who already shop you.

The uncomfortable truth is: most loyalty tactics are expensive ways to reassure ourselves, not engines of sustainable growth.

11 Managerial implications from Part 1

Here's the most portable version of the book's message for decision-makers:

1. Brands mostly differ in how many people buy them, not in how "loyal" those people are.
2. Small brands suffer "double jeopardy": they have fewer buyers and those buyers are slightly less loyal.
3. Growth comes from increasing penetration — i.e. getting more category buyers to buy you even once — especially light buyers.
4. You get penetration by building:
    - Mental availability: people think of you in buying moments,
    - Physical availability: people can easily find and buy you.
5. Distinctive brand assets (visual, verbal, sonic, physical) make you easy to notice and choose quickly. Consistency matters.
6. Mass reach marketing that continually refreshes memory structures across the whole category is generally more effective, long-term, than narrow segmentation stories about "our core."
7. Loyalty programs and over-targeted "relationship" marketing are often comforting distractions that do not change penetration at scale.

In other words:

- Be easy to notice.
- Be easy to buy.

Keep doing that, for everyone in the category.

That's how brands grow.