



Loyalty Driversm

Winning & Retaining Loyal Customers

Winning and retaining loyal customers has been the essence of good business since marketing began.

As its ultimate objective, all marketing activity should aim to strengthen the base of loyal, profitable, customers. Consequently, in recent years, businesses have improved their access to customer information and massively increased their understanding of customer needs.

Surprisingly though, there is one question - the most sought-after piece of information of all - that marketers have had to leave mostly unanswered. How does this wealth of information, on past customer behaviour and current attitudes, link to and predict future behaviour?

Loyalty Driversm from Research International makes a breakthrough in solving this enigma. It gives marketers the tools to understand the "big picture" - the context in which all your marketing activities take place - with unrivalled completeness. It helps you manage the finely tuned interaction between activities aimed at boosting Brand Value, and the host of other market factors that may impact on a customer's chances of switching brands

What makes Loyalty Driversm unique is that it gives a complete picture of both the attractiveness of the brand propositions and the marketplace dynamics that influence the likelihood of customers acting on their preferences. It brings together the marketing and market issues **as the customer experiences them** to give a holistic, yet diagnostic, understanding of customer behaviour.

...steering the right course

Customer loyalty has almost as many definitions as there are organisations looking for it. The challenge for businesses in understanding and measuring loyalty is to find an approach that accurately predicts likely future **behaviour**. A warm loyal feeling is nice

but only if, at some stage, it translates into loyal behaviour.

creating Value Leadership...

Value creation is the lifeblood of strong brands. Loyalty Driversm takes as its starting point the three main drivers of brand value: a brand's perceived functional

performance, both in terms of the product itself and the service surrounding it; its **affinity**, or the intangible emotional benefits derived from its branding in the market;

and the interaction between these factors and **price**.

However, to determine how these perceptions of value translate into actual customer behaviour, we need additional understanding of how each customer will respond when faced with choices, and the prospect of change...

...the Inertia Factor

When it comes to change, we are all different. Some of us crave it and others detest it. What's more, we behave differently in different situations. Loyalty Driversm explains how a range of factors influence an individual's approach to change within a specific category:

- **Experimentalism** - the degree to which an individual will accept the risks associated with change. This can be influenced by the individual's personality and underlying motivation, but also by perceptions of how

different brands really are. Is changing brand worth the risk?

- **Confidence** – a person's confidence in their ability to make choices within the category. "Confidence" is driven by many things, for example the individual's knowledge or experience of other brands in the marketplace, or the importance of the decision to them and consequently the time they are willing to invest in making it.
- **Barriers** – category or brand related factors that prevent easy switching, such as technical incompatibility between products from different suppliers, long-term service contracts, or simply a lack of access to alternatives.

Loyalty DriverSM harnesses Research International's unrivalled knowledge of the way in which Brand Value interacts with other factors to create personal brand choices – and provides a predictive understanding of customer behaviour.

clear measures and insights...

The power of Loyalty DriverSM rests in its ability to combine evaluation of each of the elements driving loyalty with overall measures of the strength of each brand's customer relationships. It generates a series of dynamic measures which help businesses to strengthen loyalty among existing customers and attract new customers from the competition:

- a **Loyalty Index** for each brand - a predictive measure of the likelihood of customers remaining with their current brand
- an **Acquisition Index** - an indication of the ease with which customers can be attracted to your brand from each of the other brands in the category
- an evaluation of the **Key Value Drivers** in your category and the relative strengths and weaknesses of each brand on these issues
- an understanding of the influence of **Customer Inertia** factors that may inhibit or encourage brand switching, and how the forces vary between customers of each brand

- the ability to analyse and manage **Key Customer Groups**, such as those which are currently most profitable or those representing the strategic future of the brand.

Throughout, the focus is on identifying clear opportunities for action that will strengthen your business base of committed, loyal customers.

...the route to stronger loyalty

Loyalty DriverSM allows you to evaluate the impact on your business of different customer strategies.

By analysing likely behaviour at an individual customer level, Loyalty Driver can create a **Brand Commitment Map** for each brand. This assesses the strength of loyalty for different groups of customers – for your brands and their competitors – and the main factors that influence their behaviour.

Fast and decisive action can then be taken to secure potentially vulnerable customers by focusing on the issues which are most important to them. At the same time, plans can be developed to lure the most attractive or the most readily available customers from competitors, offering them targeted value propositions and addressing any concerns they may have about switching.

Loyalty DriverSM provides an invaluable stream of knowledge on your customers. It enables you to see 'inside' the brand and its competitors and relate this insight to behaviour in the marketplace. It supports each stage of the brand management process, from diagnosis of past performance through strategic planning to on-going monitoring of marketing programmes.

Above all, Loyalty DriverSM helps you to make better, knowledge-based decisions on how to maximise customer loyalty and acquire new, profitable, customers from the competition.