

ALL ABOUT EVE

A Critique

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Introduction

The success of every business lies in creating and sustaining customer pull, and customer loyalty is of paramount importance. This aspect of business has been the subject of research and debate especially since the early 1990s. Understanding of what influences a customer, either way, has improved, but a lot remains. As society evolves, and with increasing competition, customer behaviour and expectations change and marketing professionals need to keep abreast with the undercurrents in the market and the latest theories and developments. Customer loyalty is the responsibility of every employee but more so the top managements, you just cannot delegate this area of business.

In the late 1980s Tesco was one of the large players in the grocery business in the UK, one of four that included Sainsbury, Asda, and Safeways. They were stuck with the perception of being a retailer who believed in '*pile it high - sell it cheap*' (Humby and Hunt, 2004). They introduced their loyalty card the '*Clubcard*' in 1995 and Tim Mason, the head of marketing and the clubcard's strongest advocate shifted the focus of the company to customer loyalty. The results are the best indicators of the effects of their shift in focus. Tesco is not the only grand success of the last decade that has seen a major change in its approach to business.

Customer satisfaction and customer loyalty are different things. While customer satisfaction is the door, through which a customer walks in, loyalty is what makes him return. It would be the greatest misconception to assume that a loyalty card through which he gains some benefits is the defining action in generating customer loyalty. How does one define loyalty? How does one measure it? What engenders loyalty? The results of getting and sustaining customer loyalty are clear, loyalty:

- Increases sales with repeat visits by the customer
- Generates good publicity
- Improves profitability

The research paper titled '*All about Eve*' presented by Andrew Smith and Leigh Sparks (the 'Authors') published in the '*Journal of Marketing Management*', 2004, 20, 363-385 has been studied and is enclosed. A study of the behaviour of a customer, the authors choose to call Eve, is made to understand what influences her loyalty to a certain grocery store that she habituates. The research paper endeavours to draw conclusions from data collected over a period of two years through a study of her behaviour patterns, including how many times she visits the store and when,

what she buys and her spending. Generation of the data is from a study of the use of her 'loyalty card' at the store. From this data, they draw inferences about the personality traits and try to draw a portrait of the customer.

Traditional approach, the authors argue, to objectively measure loyalty has been to consider the customer as an aggregate rather than as an individual. They have attempted to change this viewpoint by setting up a trial study of the behaviour of one individual to understand what drives her loyalty to the store. This critique, written after careful and unbiased study of the data, reasoning, arguments and conclusions of the research paper hopes to demonstrate that the research raises more questions than it answers. Too many doors need closing and such an exercise needs follow-up by deeper research. The authors have raised an interesting point, and deserve credited for that.

There is no practical reason to find some measure for loyalty as long as business recognises the need and makes all efforts to generate loyalty among its customers. Business needs to develop its own ways to have a feel for its customer's likes and dislikes and tailor their product to generate loyalty among its customers. Most small and medium sized businesses will not be able to afford the kind of study carried out by the researchers and which by their own admittance has dubious results.

Appraisal

"You don't live in a world all alone. Your brothers are here too" Albert Schweitzer. According to the authors, 'the aim of the paper is to investigate implications of the collection and use of individual-level data in retailing. We do this by examining, analysing and interpreting an individual's behaviour and loyalty'. This is a justifiable approach as long as it targets to achieve some desirable result. To clarify, what would the research reveal that would help form an action plan for the store to improve, and engender even more customer loyalty? There are the questions of ethics also and how much an organisation can pry into the privacy of its customers, this issue is addressed in the later half of this paper.

In the belief of this writer, the researchers have made a basic mistake – they have chosen to analyse the behaviour of Eve. In order to understand why Eve is loyal they have not referred to any of the factors that drive loyalty:

- Personal relationship
- Product quality
- Customer Service
- Other brand values

(Loyalty Builders) Eve is the most loyal customer that the store has, analysis of her loyalty, and what drives it is not such a good idea. Eve just loves to shop here, she finds the layout good, the merchandising good, the people staffing the store good, the variety good, the prices good and the

store is convenient for her to visit. Nothing needs to be changed or done. The result desired from a research of such a nature is to come to some conclusions of practical value to the customer, in this case the store. In the words of the researchers, 'For the retailer though, there is ... and the rewards that may be generated' (p380). The authors have adopted excellent statistical methods to analyse Eve and it is difficult to fault those. From the practical viewpoint, this writer proposes that it would be much better to compare Eve with other customers who are not so loyal to understand how to make the latter lean towards the store.

Who is Eve, what is her background and what segment of the market does she represent, apparently some of the data is available from the application she filled for her loyalty card. The authors have chosen to ignore this information (or keep it confidential) except for the fact that she wears contact lenses, and sometimes spectacles – because she purchased some glass cleaning tissue! We do not know how old Eve is, where does she live, what is her education level, and what is her level of exposure to media. Do we really know who Eve is? This writer believes not. While not commenting on the ethics of getting and using such information, it is necessary to co-relate such data so that any extrapolation becomes meaningful.

There were customers who made only two purchases in the entire two years and one who made 1551 visits to the store, Eve is the latter. It is not possible to understand patterns by examining any of the extremes one has to choose a representative that is closer to the mean.

There is a mention that the store sells goods and offers some services. While we learn a lot about Eve from her buying of goods, there is no mention at all if she avails any of the services offered by the store. Loyalty patterns would vary considerably depending on whether one is looking at a store in a downtown area, a suburb or a lay-by on a busy highway. This information will help in forming a better picture of the loyalty considerations. Maybe Eve is coming so often to the store because she uses some of the services.

Despite all this the authors have been able to make quite a few remarkable insights into Eve's psyche and her likes and dislikes that the retailer may be able to use while making special offers and organising other promotional activity to nudge the customer to feel even more satisfied and thus more loyal. For example, a sale on lip salve at a time when we know Eve is likely to be looking for one, or even a reduced price on the lipstick she likes. That is just the kind of information that a retailer would love to have and use. Such activity cannot be targeted towards just one individual for the store has many other customers also, and many who are on the verge of being loyal. It is those, who are the real ones to woo. Knowledge of Eve will help only to make certain that they take no action that would lessen her loyalty.

We need to address the ethics of obtaining and usage of such personalised information about the customers. '*There is no private life which has not been determined by a wider public life*', the 'Senate Majority Task Force on the Invasion of Privacy' (Task Force) uses this quote from George

Eliot to open their report (Bruno, JL 2000). The Task Force studied the issue of growing privacy concerns of individuals against such 'benefits as freedom of information, the legitimate needs of businesses to certain information, and the ability of the government to serve its functions'. The task force studied the issue of privacy from all angles and in conclusion recommended, *inter alia*, that private businesses must have a privacy policy for using information collected and make the policy available to its customers. Inform the customers as to whether their personal information is sold or shared, they must have a right to review the information kept about them, and opt out of having their information sold or leased for marketing purpose. The Task Force was concerned about the collection, sale and distribution of personal 'identity' namely, Social Security numbers, address information, telephone numbers, driving records and so on. According to Senator Bruno "There has always been an expectation of people that information relating to their personal lives, their health, their finance, and their family, is in some way shielded from unwanted and harmful intrusion - that expectation is no longer true". This research takes the level of intrusion into the privacy a step further. If such information about customers is indeed collated and psychological profiles drawn out it is easy to imagine how soon an unscrupulous business will find a way to sell or lease such information for pecuniary gain.

An important factor is the cost effectiveness of exercises such as these. Despite the enormous number crunching capacity of computers today, it still requires a human mind to analyse and interpret data especially if it pertains to human psychology. If considered ethical, there is no denying the benefits of research like this but only large businesses can be carry the financial burden. In the meanwhile, small businesses will continue to have to rely on the traditional way of personal relationship, and product quality, being the driving forces that bring customers back repeatedly. They would benefit more by adding value through reformatting their business, better merchandising and above all improving their personal touch with the customer.

References

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