Editorial

This issue marks the first in what we hope will be a new and regular series of special issues of the *Journal of Targeting, Measurement and Analysis for Marketing*, the first of which addresses issues in customer loyalty. Perhaps we should not be surprised by the continuing popularity of this topic. Whilst Google reports more than 1.3 million hits on the term 'customer loyalty', its set visualisation tool associates a number of business-critical terms with the phrase (Figure 1). Most recently the trade association representing the world's food retailers and manufacturers placed customer loyalty and retention at the top of CEOs' most sought-after business objectives after (not unreasonably) food safety. Sought after, but hard to come by, as our contributors make clear.

The growing maturity of approaches to loyalty and the variety of application areas now in play allow us to address a broad range of themes. Loyalty practitioner Mike Capizzi and co-authors provide some initial context for this. 'After decades of double-digit growth, the loyalty market has shown signs of fatigue from both consumers and practitioners,' they observe. Responding to critics of the value of loyalty marketing, these authors argue that creativity and innovation, tempered with sound financial judgment and a proper understanding of what loyalty means within particular contexts, mark the way forward.

Huddleston, Whipple and VanAuken's careful study of US food retailing illustrates what can go wrong when practitioners demonstrate an imprecise understanding of what customer loyalty

actually means. Asking food shoppers directly to characterise loyalty produced metrics that were not necessarily the same as those used by the retailers themselves. The authors argue that store loyalty may be more complex and difficult to pinpoint than previous research has indicated. They even question whether loyal food store customers actually exist.

Garth Hallberg writes about the extent to which the search for emotional loyalty, rather than simply seeking repeat buying behaviour, lies at the heart of customer loyalty strategies. WPP's database of 600,000 interviews with respondents in 31 countries was mined to produce attribution to one of five levels of emotional loyalty in relation to specific brands. The most sought-after level, 'bonding' is not simply a linear, incremental, increase in patronage, argues Hallberg, but a step-change from less intensive levels of association. The strategies of consumer-facing businesses should be prioritised accordingly.

In some senses, intermediaries like retailers have complicated the notion of loyalty. Dominique Cri introduces the concept of the 'loyalty-generating product' and outlines its role in the multi-product purchases that today characterise our buying behaviour. The concept, he suggests, can provide a bridge between transactional and relationship marketing approaches.

Two further case studies pick up first the notion of 'spurious' loyalty, identified in Huddleston *et al.*'s contribution, and secondly the extent to which business-to-business markets share common features of consumer-facing

Sources: <http://www.langreiter.com/space/google-set-vista>,
<http://labs.google.com/sets>

Figure 1 Visualising associations with customer loyalty

markets. Like UK food supermarkets, Randall Whyte argues that in the Australian airline market, only 7 per cent of customers claimed to be highly committed to any airline and a high level of disaffection prevailed. But no airline wanted to withdraw from its costly commitment to loyalty programmes. Albert Caruana's study of the switching costs among corporate customers of mobile telephony suggests that a lack of time for the evaluation of alternatives means that the status quo is maintained. We might argue that such a finding also has much in common with the behaviour of consumers in buying situations characterised by low involvement.

We return to retailing with two additional contributions. The first, from Cristina Ziliani and Silvia Bellini, sees a proliferation of loyalty marketing schemes amongst retailers across Europe. There is a real danger of saturation setting in, they argue: 'The first question is "why should I want to do this?" ... before heading down a potentially dangerous route guided only by cheap technology, consultants' white

papers and the loyalty literature.' Cuthbertson and Laine agree: 'CRM activities can be very effective in enhancing customer loyalty for profit. They cannot, however, create it on their own.'

The last word on customer loyalty, at least in this issue, goes to Merlin Stone. Merlin is one of the most prolific writers and thinkers in this area I know. Whilst holding down jobs at the Bristol Business School and Business Research Leader with IBM Consultancy Services, he still finds time to write frequently, entertainingly and well on marketing topics. In this issue, he and his colleagues provide an effective end note for our special issue: they identify a group of innovators who are taking us forward in this area. 'The innovators use customer loyalty schemes as part of a transformation in their approach to marketing, while the laggards use their scheme as a simple promotional continuity scheme.' Which category do you fall into?

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Editor

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