

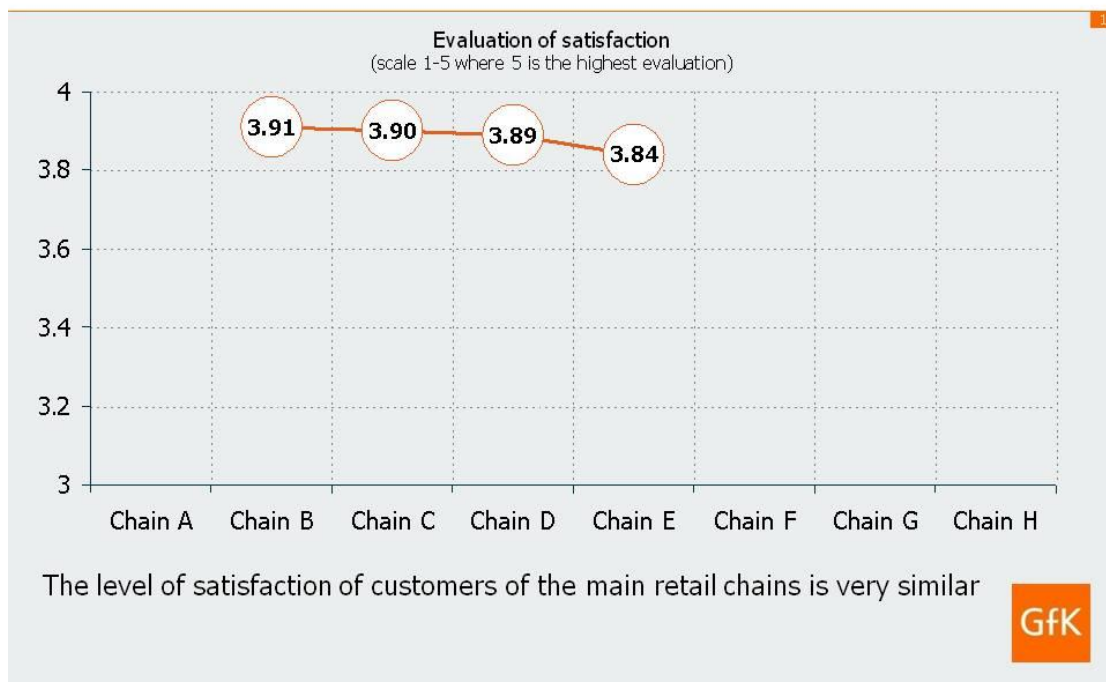
Poland

Loyal customers worth their weight in gold

In spite of the growing consolidation of the Polish market and a decrease in the number of international players as a result of mergers and takeovers, competition among retail chains is still strong.

All the biggest players want to attract customers with attractive product prices and promotions. However, it would be difficult to find a chain that has been using more unique activities while trying to gain new customers and make all customers loyal and, as a result, the images of the main retail chains active in Poland are very similar, as are the levels of satisfaction of the customers shopping in these chains. On a scale from 1 to 5 (where 5 is the highest rating), the level of customer satisfaction for the biggest chains oscillates between 3.7 and 3.9. The level of loyalty of customers to their chains also looks similar. The average value of loyalty remains at a level between 50 and 60 points on a 100-point scale.

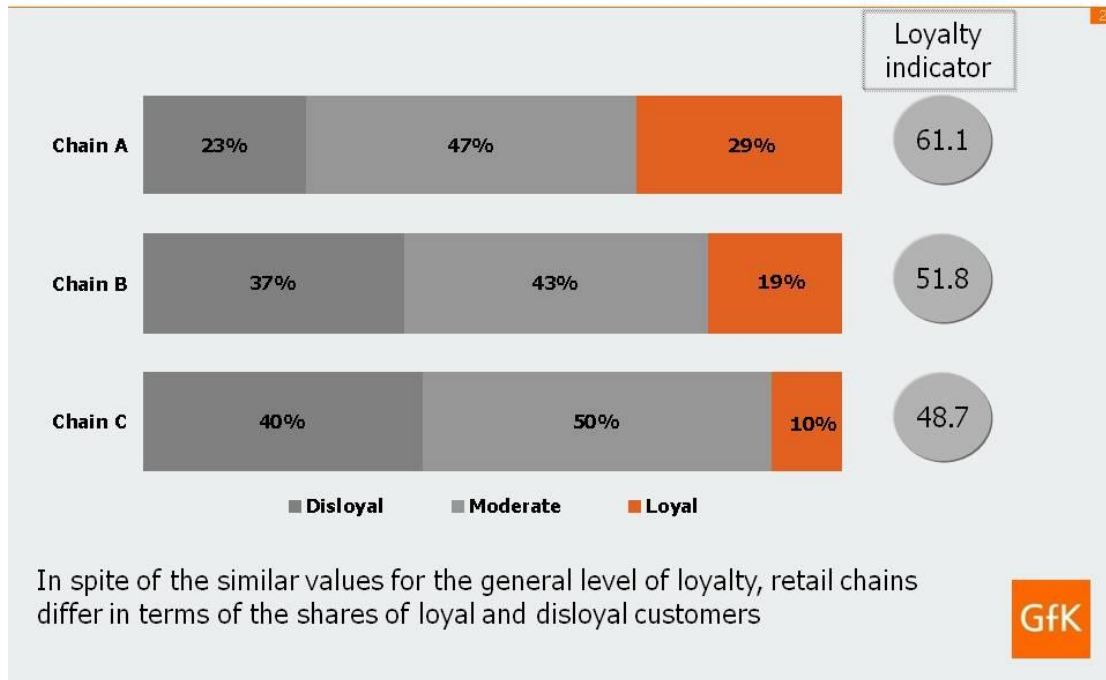
Satisfaction level of customers of selected retail chains



Should the retail chains rest on their laurels because of this? Do the current levels of customer loyalty and satisfaction guarantee them a stable market position? An answer to these questions should be looked for at a much deeper level: in an analysis of the customer loyalty structure and a comparison of purchasing behaviours of both the loyal and less loyal customers.

It turns out that, in spite of a quite similar average level of loyalty to retail chains, there are significant differences in terms of the percentage shares of loyal and disloyal customers. Example 3 of the chains analysed demonstrates that only one chain is in a position to boast about having a close to 30% share of customers who can be called loyal. The number of loyal customers in two other chains analysed is significantly lower.

Structure of customer loyalty for selected retail chains



In order to evaluate the effects of the customer loyalty structure and translate them into the turnovers of a chain, it is necessary to analyse the differences in behaviour between the loyal and disloyal customers. Here we get to the core of the analyses.

On the basis of the average data describing the purchasing behaviours of customers included in every group analysed, it transpires that the differences are great.

The loyal customers do their shopping in their favourite retail chain as much as 15 times more often than their disloyal counterparts do. The basket value of purchases made by loyal customers is close to three times as high as the basket value of purchases made by the disloyal ones. What is more, loyal customers make one-third of their all purchases in the chain to which they are loyal whereas the coverage of demand indicator for disloyal customers is <2%.

Loyal versus disloyal customer - differences



The research carried out on customers permits us to make precise definitions of the stability of the market positions of retail chains. Monitoring the loyalty of customers makes it possible to note and react in time to any alarming increases in the number of disloyal customers and losses of the loyal ones, which translates directly into the turnovers generated by a specific chain.

Loyal customers are worth their weight in gold – they shop often, spend a lot of money on shopping and spend a significant part of their income in the chain to which they are loyal. However, these customers do not stay loyal for ever – they have to be taken good care of and their needs have to be fulfilled so they will continue to want to spend their money in the same retail chain.

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