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**THIS ISSUE:**

## Retail Selling Strategies

*Considering high-low vs. EDLP*

*Executing dazzling demos*

*Calculating the "currency" of customer service*

*Turning passive loyalty into active loyalty*

**For RetailWire.com sponsorship information, contact:**

Al McClain  
203-975-0557  
[amcclain@retailwire.com](mailto:amcclain@retailwire.com)

**For other business inquiries, contact:**

Rick Moss  
973-744-0813  
[moss@retailwire.com](mailto:moss@retailwire.com)



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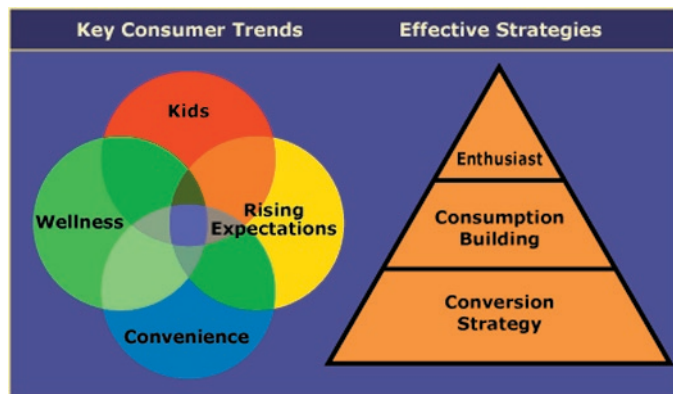
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## *Foreword*

### **Inspiring Better Selling**

By Rick Moss, President, Founder - RetailWire

"Retail Selling Strategies," the title of this Digest issue, would actually have made a fine name for RetailWire.com. Our mission at RetailWire is to provide you with an engaging online environment where you can learn from other retail industry pros. Much of that learning will come from our BrainTrust of over 100 industry experts; from our Business Tip sponsors; and from our general members, who run the gamut from top execs to store associates - across a broad range of retail channels.

And what do all these folks have on their mind? Many things, of course... issues; trends; the competition. But ultimately (as mercenary as this may sound), it comes down to finding ways to be better at what they do for a living. And, as an industry, that usually translates into the art of selling.

So in this RetailWire Digest, we approach the matter of selling head-on, but take our swipes at different levels: from the ideological (high-low vs. EDLP) to the strategic (customer service) to the tactical (in-store demos). These Discussion topics are cherry-picked from our archives, but this is the type of multilevel education our members have learned to expect every business day on RetailWire.

So if you're new to RetailWire or just "dabble," our advice is to get INVOLVED. Read our Discussions; vote in our instant Polls; send in your own comments. We don't believe you'll find this level of engagement combined with the wealth of informed opinion on all things retail anywhere else... and certainly not without leaving your desk.

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## *Retail Selling Strategies*

### **Grocers: The Price is Right in Center Store**

By George Anderson

The *Wall Street Journal* reports that a number of supermarket operators, including Raley's, Giant Eagle, Fresh Brands and Wegmans, have cut the number and frequency of promotions of center store items and, instead, lowered regular prices on popular products to compete day-in and day-out with discount rivals, from Costco to Wal-Mart.

According to the report, supermarkets aren't looking to compete on price on every item in the store but are targeting products in categories, from ready-to-eat cereal to toothpaste, where consumers show a willingness to go outside traditional grocery to make purchases.

Willard Bishop Consulting estimates that shoppers can save an average of five to seven percent on shopping trips as a result of this pricing strategy shift on the part of some grocers. Some families could save a few hundred dollars a year as a result.

Bill Coyne, president and chief executive of Raley's, said that customers at his chain were getting tired of having to shop at multiple outlets to find the lowest price and many complained that "deals" had them stocking up on products that ultimately were never used.

Louis Stinebaugh, president and chief operating officer of Fresh Brands, said lowering everyday prices on popular goods plays to the consumer's desire to make their lives less complicated.

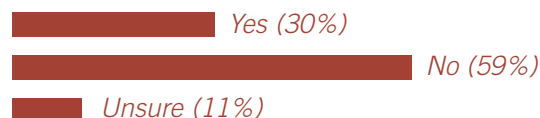
"People aren't just cherry-picking as much as they used to," he said.

#### ***Moderator's Question:***

Is an EDLP approach to popular center store items reducing the amount of cherry picking done by consumers? What are you seeing in terms of grocery store operators altering promotional activity and pricing strategies to compete with discounters? What grocers have been most/least successful taking this approach?

#### ***RetailWire Instant Poll Results:***

Do you agree that consumers aren't cherry-picking center store grocery items as much as in the past?



#### ***Panelist Comments:***

Years of my own research have convinced me that EDLP is the most effective strategy for central store. Consumers have been conditioned over the decades to regard high/low prices as somehow questionable and exploitable (at best), and duplicitous and exploitative (at worst). - **Ryan Mathews, founder, ceo, Black Monk Consulting**

The EDLP - hi-lo pricing issue is still very segmented based on geography. EDLP is clearly the approach preferred by shoppers in big swaths of the country running from the south across to Texas and from the upper midwest rural areas to parts of the southwest. In the urban areas of the northeast, midwest, northwest and southwest, shoppers prefer buying from deal to deal, so hi-lo works best. As an example, when Pathmark announced it was moving to EDLP for most of its non-foods lines a few years ago, it was a big yawn -- customers just didn't care. A few years before that, Stop & Shop got hammered when they entered the New Jersey market using EDLP as their primary differentiator. The retailer quickly reverted to hi-lo pricing. - **Ron Margulis, Managing Director, RAM Communications**

Cherry-picking is alive and well. It was never practiced by everyone, but it has always been popular, and the Internet use makes it easier. Supermarket cherry-picking is practiced by at least 2 major types:

- a. Those who do it for sport, since they feel better about themselves for being “smarter shoppers.”
- b. Certain low-income people who are time-rich but cash-poor. They have the time and the incentive to go from store to store. Just think about the proportion of food stamp sales volume to a supermarket’s total volume. Food stamps don’t just feed the poor, they also feed supermarket executives!

Some people, particularly certain retired folks, fit both profiles. - **Mark Lilien, Consultant, Retail Technology Group**

I agree with Ryan that EDLP is a better long-term play. And although shoppers may (as Ryan puts it) find the practice questionable and exploitative, they still plunge in and fill their cart, perhaps with a nod and a wink.

If every operator was EDLP, then clear winners would emerge as the low price leader. But as long as some operators stay high/low, there will always be cherry-pickers and bargain hunters who shop those specials. - **Tom Zatina, Founding Principal, Zatina & Associates**

Changing pricing strategies is much easier than changing a “price image.” Those value retailers, like Wal-Mart, Sav-A-Lot, etc., that are now camped in the price position, have achieved their price image over time with a variety of advertising and marketing tools. Beyond the actual price of products, more critical to getting consumers to believe you have “New Low Prices” is the overall shopping environment itself. If your store is too nice, with too much service...it’s difficult to convince shoppers you are suddenly the place for “cheap groceries”...no matter what the actual price points are.

Consequently, those former “Hi-Lo” operators that reduce promotions in favor of EDLP strategies, may see their “price image” actually get worse than better, at least in the short run, as shoppers will sense the impact of a less potent circular, but not necessarily believe the retailer concurrently has cut prices. If the retailer has a card program that has solidified their Hi-lo image even further, transitioning to EDLP without dumping the card program adds another level of complexity.

I think we can all agree that the worst possible position for a retailer to be in is having low prices (with lower margins) with a “high price” image. Transitioning retailers beware; neither Rome or a price image was built in a day! - **Mark Heckman, President, SRS**

The EDLP, Hi-Lo debate really comes down to the retailers’ marketing strategies and store branding. If you offer them (the customer) something more -- great produce and meat, bakery, upscale, ethnic and the like -- having to offer a Hi-Lo “strategy” (which really is a lack of strategy) becomes more likely. Offer that shopper something that attracts them, along with a decent EDLP program (it doesn’t have to match Wal-Mart), and they will shop your stores. Examples: Whole Foods (the natural experience), Trader Joe’s (specialty central), Publix (Super Supermarket), Food-4-Less (no frills) and numerous other retailers in the U.S. and elsewhere.

The key point: in most cases Hi-Lo is an excuse for lack of strategy. The solution: branding your stores; find a niche and work it to the maximum and pricing will become much less significant (within reason of course). - **MerchMania**

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## Retail Selling Strategies

### Dazzling Them with Demos

By George Anderson

Warehouse clubs such as Costco do it. Niche grocers such as Trader Joe's do, too. Upscale merchants such as Marshall Field's definitely do it, and not just with perfume.

What these and a growing number of retailers are doing is stepping up the amount and quality of in-store product demonstrations because shoppers love it and it moves product.

Denise Rice, a mother of three, looks forward to her trips to Costco. She told the *Kansas City Star*, "When they're set up with six or eight booths, I can have lunch."

Retailers such as Costco understand that while Ms. Rice and others are taste testing products in the store, they're also spending more time there and that invariably adds up to increased sales, even if the sampled product isn't purchased.

Wayne Lafollette, a grocery manager with Price Chopper, said that has led stores to increase sampling activity. "Sampling has been around, but it was nothing like they do now", he said. Mr. Lafollette has been in the grocery business for 35 years.

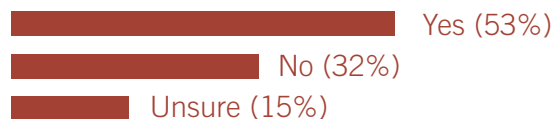
Dan Borschke, executive director of the National Association for Retail Marketing Services, said it's not just about the amount of demos but the presentation, as well. "It's food entertainment," he said.

#### **Moderator's Question:**

What is involved in developing a successful demo strategy and then executing it successfully in stores?

#### RetailWire Instant Poll Results:

Do in-store demos work as well or better in stores with less affluent consumers than those that sell to a more upscale shopper base?



#### **Panelist Comments:**

First, I believe they work better with less affluent shoppers and people looking to snack in the store. For these programs to work effectively, you need to have people who are trained or versed in the product they are trialing and they need to have a little passion. I have seen both extremes and have only bought from the ones that had a little passion and "salespersonship." - **Michael Richmond, Principal, Packaging and Technology Integrated Solutions**

A successful marketing plan utilizes as many elements of the marketing mix as can be reasonably supported by budget, resource limitation, and specific goal setting. In the end, any successful marketing element works because it is aligned with the task associated with the product.

Why does food sampling work? Because it's almost impossible to communicate the product features and benefits on the package. Most products are NOT supported by media campaigns where print supports

TV and is augmented by radio and so forth. And most products have moderately complex need-benefit messages.

Distinctive product features that deliver actual differentiated benefits in a tangible way are the guts of a successful demo. Ask these questions. Do I have a demonstrable, competitive distinction which can be experienced in a tangible way? (Lifestyle identification is seldom influenced by demos). Will the experience of this product distinction generate an immediate positive affect with the consumer? (Delayed benefit features need not apply in the world of demo-ing.) Is my product within the range of impulse for that customer shopping at that retailer? (Planned purchases almost always offer demos, but it's a different beast.) - **Don Delzell, Partner, Retail Advantage**

Two thoughts spring to mind - the feel good factor and the wow factor. The former is what makes perfumes and makeovers so popular in department stores but can be applied to luxurious tastes as well when planning a food demo. Even a simple food, like an apple or a mango, not necessarily some hugely expensive handmade alcohol-filled chocolate, can do it. It's all in the presentation, which is where the wow factor comes in. Whether kept sweet and simple or razzmatazzed up to the hilt, the product needs to stand out. - **Bernice Hurst, Managing Director, Fine Food Network**

With food demos, having suggested accompaniments available to taste with the demo product is important. But most important is having product and key ingredients right beside the demonstration that one can buy along with the recipe card so that trial becomes painless. Wegmans is another one who uses their chefs to demonstrate recipes - not just one product but a grouping of products. With the cost of one demonstration, several new products can be tried.

In non-food, particularly beauty aids, having a well versed spokesperson selling the benefits is imperative to gaining trial. Income is not a factor in whether to do demos - more important would be their interest in the category. - **Marilyn Raymond, Director, Business Development, NewProductWorks**

All good points. Preparation is so important. If your product has special needs or you want a sense of theater, communicate that to the demo agency. Get your whole pitch to the demo people themselves; printed materials, etc. Maybe let the demo people take the product home the night before, so they can try it and be familiar with it. If the store is in a double-coupon market, factor that into your costs beforehand. Be realistic in your expectations. One study I saw said fewer than half (personally, I'd say a lot fewer than half) of shoppers try your demo'd product, and about 10% of them actually buy the product. And perhaps 10% of this final group become regular users. All this is on the optimistic side, in my opinion. So without a lot of foot traffic in your store, the payoff is slow. It's more about building relationships over time than it is about ringing the register on the day of the demo. - **Warren Thayer, Editorial Director and Assoc. Publisher PL Buyer; Refrigerated & Frozen Foods Retailer**

As with anything, it's all about execution. If a retailer really decides they want to demo product for the purposes of incremental sales increases, then they will develop a real program. If not, then you'll see the most common form of demos. That is, a paper table cloth on a card table, with something cooking in an aged electric frying pan, usually a senior aged person, a vocabulary of only 'Would you like to try \_\_\_ today,' and nothing to 'go with' surrounding the demo. It's a matter of 'we have to,' not a matter of we believe in it and really want to use this to enhance the experience. - **Scanner**

Demos are clearly a valuable part of retailing, but probably NOT for selling a manufacturer's products. Notice this important distinction:

"Retailers such as Costco understand that while Ms. Rice and others are taste testing products in the store, they're also spending more time there and that invariably adds up to increased sales, even if the sampled product isn't purchased."

The adding "up to increased sales, even if the sampled product isn't purchased" is the key. Demos create an attractive atmosphere that may affect a substantial swath of the store, without having much impact on sales of the product demo'd. In fact, if you look at the cost of the demo, the share of shoppers reached, and actual lift, it is doubtful that any of this makes any sense for a manufacturer (other than maybe creating some buzz with the retailer). - **Herb Sorensen, Ph.D., President and CEO, Sorensen Associates**

As a former supplier to Costco (Mrs. Fields Frozen Cookie Dough), we were not charged substantial slotting fees but were required to pay for demos. It worked out great, due to their professional demo staff, our product, and Costco's reasonable distribution charges.

A demo requirement so far unmentioned is adequate room. Costco is set up, traffic and room-wise, to do it right. Cramming demo stations randomly into supermarket nooks and crannies, with no regard to traffic flow, can kill it quick. Supermarkets - where sidestacks and displays normally occupy odd spaces - don't easily embrace product demonstrations. - **Michael Banks, Ph.D., Co-Founder, The MAP Agency**

Looking for a sales lift that is directly measurable to demos is like looking for direct results from any kind of marketing campaign. It cannot reliably be done. You can find a correlation between sales and marketing dollars spent, but you can always argue that sales would have gone up anyway. Singling out demos as a more effective or less effective form of marketing is a quixotic quest - because marketing is not a science, it is an art. There will not be completely reproducible effects from the same process time after time.

I think retailers and manufacturers would be better off if they stopped pretending that they can get scientific results from any form of marketing program, demos or otherwise, and instead agreed to just spend some money on demos for reasons of atmosphere and brand recognition. - **mfbenson**

The tactical execution for product demonstrations at store level is where it all happens. Experience shows that superior execution at retail has the following elements:

1. The product message is simple and direct.
2. Demos are located close to the shelf/display where the product is located.
3. Hand-outs are provided whenever possible. Coupons, recipes, and information brochures are very popular.
4. And of course, demonstrators are asking for the Sale!

The level of interest in product sampling is escalating. CPG companies report the continued fragmentation of media options for consumers to receive their message is worsening. Notwithstanding the increase in media options, the consumer is becoming annoyed with the barrage of epic commercial breaks, pop-up messages, and the blitzkrieg of unsolicited mailings.

Directionally, sharp Retailers and Suppliers are recognizing the future of 'sampling' is evolving into a more sophisticated 'consumer engagement' strategy. Think about it...your Demo Company manages an 'anchored' army of potential Brand Ambassadors that become the ultimate representatives of consumer direct promotions. With a professional management team armed with solid communication tools, the ability to speak and connect with the consumer on interactive basis is limited only by one's imagination.

Working hard to bring the consumer into your store is difficult. Once they are there, activities such as demos contribute to the 'experience.' It is clear that winning retailers will have 'differentiated experience' as one of their attributes. - **Kevin Sternecker, Senior Director, Information Systems, Daymon Worldwide**

## *Retail Selling Strategies*

### **The Currency of Service**

By George Anderson

Polly Flinn, senior vice president of Convenience Operations for BP Products North America, told an audience at the 2004 National Association of Convenience Stores' (NACS) convention that the gas retailer deals in currencies beyond bills, and coins and she's not talking about credit or debit cards, either.

Ms. Flinn, reports the convenience store trade journal Web site CSPNet.com, believes "Speed, quality, indulgence and other noncash 'currencies' are a major factor in a convenience retailer's value proposition."

The BP executive said that the key to achieving success with modern customers is creating store environments that provide consumers with options based on their individual preferences. "People like to feel that they are making decisions with their time rather than feeling like someone is making decisions for them," she said.

Ms. Flinn recounted how she has seen customers making their own drink concoctions in BP's stores by mixing different beverages from the soda fountain as one example of customers looking to make decisions to meet their individual needs. The company also offers consumers the option of using crushed ice or cubes in fountain beverages.

The gas and convenience store chain also revamped its coffee program by not simply featuring different flavors and offering multiple cup options but by providing consumers with information on the various beans and blends used, she said.

#### ***Moderator's Question:***

Do retailers truly appreciate the various "currencies" beyond price that factor into consumers' perceptions of their businesses? Are a price/value proposition and service/quality one mutually exclusive?

#### **Panelist Comments:**

I am not confident that most retailers appreciate the difference, but consumers do. There is always a price/value relationship and those who recognize it will always do better, assuming they've correctly sorted out who their customer is. What motivates me may not motivate the person down the street.

Flavored coffees, for example, don't do it for me, but is enormously important to others. Again, this is a simple case of understanding one's customer base, accurately assessing one's strengths and weaknesses and setting up shop appropriately. - **Karen Kingsley, Consultant, Kingsley Business Advantage**

I think that many retailers, particularly independents, already think in terms well beyond price although they may not specifically refer to these things as "currencies." I see a great number of IGA's and others that add value in so many ways beyond just price. And for those that are successful, I believe that price/value and service/quality are not mutually exclusive, but rather have been nicely blended together to present a total package that the consumer concludes to be "value." - **Tom Zatina, Founding Principal, Zatina & Associates**

George, I think you have chosen a very good topic for discussion here. There is diversity of opinion and much to examine in this statement about "currency."

Having worked with clients that compete in the "C-Store space," I can add the following to the discussion

to bolster your point about currency - most consumers do not know or understand the differences between grades of gasoline (Is one manufacturer better than another? What is the benefit of premium or hi-test over regular?, etc.) and the motor oil they use to “top off” with (10W-30? What do the numbers mean, etc.).

I see education as being an untapped area for this channel in addition to the make/serve your own beverages, etc. - **David Zahn, Managing Partner, Clow Zahn Associates, LLC**

I don't see thinking of “price/value” vs “service/quality” as “mutually exclusive.” There is only one value proposition to the consumer, and that is the sum total of what they experience.

I apologize if I am “splitting hairs” on the terminology too finely here. Analogous to this line of reasoning, I have often argued in this and other spaces that marketers have done themselves a great disservice with the use of the term “private label.” To the consumer, there are only “brands,” and to think of the retailer's brand as anything less is why they have achieved a 20+ share while the manufacturers weren't paying attention.

Similarly in this case, to dissect the customer experience into one or more pieces may be a useful way to focus strategy and discussion, but I doubt the customer ever sees it that way. And they certainly don't consciously recognize that we have to make an investment trade-off in price versus service or quality. They simply have one overall image of “BP,” the same as they have one overall image of “Wal-Mart.” No matter what we think we are “emphasizing,” everything counts. - **Ben Ball, Vice President, Dechert-Hampe**

The reason there is so little customer loyalty these days is because shoppers are hunting around for retailers who truly ‘get it.’ The ‘currencies’ noted in this piece are the low hanging fruit, e.g. giving people a choice of coffees. The role of education David and others mention is much further up the tree but the fruit is sweeter. This is exactly where retailers need to go; this is going to be the big differentiator.

Why doesn't a pet store have a section of treats that are actually good for your dog, with an explanation of why? Why can't a clothing store person take the time to ask me what kind of wear my suits get and explain why he/she recommends a certain fabric before they start looking for a 46 tall or showing me their sale rack?

The catch is, if you're going to use the powerful currency of education, you need powerfully educated sales people. This is a recurring tape from me, I know...but every currency you will ever think of is minted in the minds, hearts and spirits of the people who serve your customers. Here's a hint - don't skimp on the mint!  
- **Ian Percy, President, The Ian Percy Corporation**

I am struggling with the word “currencies” but I don't disagree at all with the assumption of personalization and great service as a point of differentiation. The bottom line is how do I FEEL when I'm engaged with a business. I doubt most customers walk away thinking how happy they are that they have their choice of crushed or cubed ice or there is an explanation about the beans. What customers do walk away thinking is how much they either enjoyed or loathed the store they were just in.

A great customer experience is the result of a positive encounter with a retailer's employees, store, and products. What will make BP Products North America successful, just like all retailers can, is doing exactly what Polly Flinn is doing, focusing on what delivers a better in-store customer experience. Call it currencies, call it price/value, call it whatever you want, but retailers who put the customer at the center of what they do will have the best chance to succeed. - **Doug Fleener, President and Managing Partner, Dynamic Experiences Group**

It seems to me that the key to revenue increases for the “gas station convenience store” is the “impulse buy.” I am not aware of a Starbucks Gas Station, although I imagine it is something they might be thinking about.

If my premise is correct, then the key is to “initiate the impulse” by offering the consumer something they want. Price at this point is probably secondary. The motivators are applicability and convenience. Offering products that fit the individual’s requirements quickly (before the guy behind them at the pump gets bent out of shape) is probably the most appropriate goal. - **Bill Bittner, President, BWH Consulting**

BP’s take on the service equation is one worth thinking about, as we are here. Overall satisfaction with a retailer may be thought of as the weighted sum of many small and large service practices - weighted, because each consumer may assign a different degree of importance to each practice at a given purchase occasion.

Not that shoppers actually do the math. The final conclusion is more like a gestalt than a calculus. Still, for a few shoppers, some of the time, the availability of crushed ice at the drink dispenser may indeed be the deciding factor. Competitive gasoline prices may be the key element on another day. And location convenience or operating hours may frequently overwhelm other quality cues.

Still other factors - cleanliness of the facility; competitive prices; even perception of the brand - may be no less than the ante to play the game. - **James Tenser, Principal, VSN Strategies**

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## *Retail Selling Strategies*

### **Not Loyal? But They Shop Here Every Week.**

By John Hennessy

*DM Direct Newsletter*, published an interesting take on loyalty by N. Ramasubraman (Ram). Mr. Ram is a practicing loyalty manager from India. He works for Surfgold, which is a pan-Asian loyalty management company.

Mr. Ram makes the claim that just because you measure high customer retention rates, you may not have high levels of loyalty. Instead you might have passive loyalty.

Passive loyalty or inertia loyalty occurs due to a variety of reasons and under a number of different scenarios where the customer is exhibiting repeat buying behavior - not out of choice but because he is forced to do so. In such a scenario, retention rates could be really misleading as an indicator of future potential for business. What are the cases of passive loyalty?

- Situations of quasi-monopoly: Where there is only a single shop in a location and you have to buy your products there.
- Habitual buying: When you buy your cigarettes from the vendor next to the railway station.
- Risk minimization: This is typical of products that you buy on someone's recommendation, such as medicine.
- Switching hassles: You would like to switch brands but you feel the cost of switching is way too high and that the benefits are not high enough.
- Lack of a decent alternative: Think about it: when you use the postal service or water utility, are you doing so out of volitional loyalty?

In each of the above cases, the retention rate will tell us that the customers are highly loyal to the brand and that going by their past behavior, they are likely to buy the brand again in the future. But the truth is that the customer is there because he does not have a choice. Now, would you call that loyalty? At the first opportunity he gets, he is going to walk out, leaving you with your carefully calculated indices and metrics.

Mr. Ram doesn't suggest completely ignoring customer retention levels, he recommends adding an opportunity-to-switch index to get a better read on true loyalty.

#### ***Moderator's Comment:***

Are retailers aware of why their regular customers choose to shop in their stores, on their Web sites or through their catalogs? It's very important to understand why your customers reward you with their business. The answers you get from some of your customers may not be the ones you want to hear, but if you want to forge a stronger relationship with your customers, you need to ask.

#### ***RetailWire Instant Poll Results:***

Are most retailers aware of why their regular customers choose to shop in their stores, on their Web sites or through their catalogs?



**Panelist Comments:**

Well, of course this depends on the retailer...and who you call a “retailer.” Starbucks (retailer or restaurant?) has a pretty good idea why their customers frequent their stores, Wal-Mart knows a lot about what people do once they get in their stores but is taking stabs at understanding, and altering, their motivations for going. It just occurred to me the similarities between this topic and a presentation I gave at the License show this past week...only I was talking about vendors! I can say with certainty that the vast majority of retail suppliers don't know why retailers keep buying their products and they are quite vulnerable as a result. - **Carol Spieckerman, President, newmarketbuilders**

The “passive loyalty” Mr. Ram describes is a real phenomenon. People are very much creatures of habit and will continue to shop somewhere even if not terribly satisfied with the products or service. Whenever you study satisfaction levels and shopping behavior, a surprisingly large group of people can be identified who are only moderately satisfied, or even dissatisfied, but who continue to be customers.

This is part of the reason that willingness to recommend is often cited as a better metric for both loyalty and satisfaction than a direct overall satisfaction question or an intention to repurchase question on a survey. Most consumers will stop recommending your business to friends long before they stop being your customer. It is easier to withhold a recommendation than find a new store. In addition, no one wants to make a recommendation and then be embarrassed by the outcome. - **Tom McGoldrick, Manager Research and Consulting Services, Questar**

Ram makes a great point, and it certainly pertains to a lot of grocery shopping. Retailers are putting a tremendous amount of effort into trying to understand why people shop their stores, but as Ram suggests, it's not always conscious-choice process, i.e., it's sometimes just following established behavior that there's no reason and/or easy way to change. This diagnosis suggests that more emphasis should be placed on the points of leverage that will actually change shopping behavior, e.g., stimulate an additional trip and/or stimulate a shopper to start using a store to buy something that they had previously purchased at another store or, even better, never purchased at retail. This focus on changing the larger dimensions of shopping behavior should also yield a higher return on investment for the effort. Who do you know--if anyone--who's doing this type of thing successfully? - **Bill Bishop, President, Willard Bishop Consulting**

Whether retailer or manufacturer, understanding this “passive loyalty” would seem to me to be a critical measure of vulnerability.

I suggest that high share companies that don't know or understand this (or didn't) are the ones who get hammered when a competitor enters what they thought was their space. The grocery channel comes to mind on the retailing side. Pet food manufacturers, soup companies, and household products all have examples of suppliers who had this happen to them. - **RetailSeer**

Mr. Ram's comments echo some fine work by consumer behaviorist Richard Oliver, who defines dimensions of loyalty that include behavior (simple re-patronage) as well as affect (feeling an emotional connection).

While Ram's ideas may not be new, they are certainly on target. One may re-patronize an establishment without feeling good about it. This situation may occur due to high switching barriers, lack of viable alternatives, or force of habit.

Commuters may loathe the Long Island Rail Road but still ride it every day to work. Most of us hate

switching banks. Many of us shop at the nearest supermarket at least part of the time, even when there is a better store across town.

The important takeaway is that retailers and service providers must go beyond measures of re-patronage to understand their customers' loyalty. The only way to understand how customers feel about your firm is to ask them. Their behavior alone doesn't tell the whole story. - **James Tenser, Principal, VSN Strategies**

The Gallup organization has done some fascinating research here to look at emotional connections, the kind of sticky, heart-felt loyalty that Harley Davidson, the Red Sox, Whole Foods, or Starbucks generate as brands.

The four variables of emotional connection in increasing intensity are

- Confidence. The brand consistently delivers on its promise. Without this confidence in the functional delivery, there isn't even a chance at intensifying emotional connection.
- Integrity. The brand treats customers fairly and, when a mistake happens, the correction exceeds expectations.
- Pride. The brand engenders a sense of belonging for customers, where there may be a congruence of values.
- Passion. Customers would agree that the world is a better place because the brand exists and would feel "something missing" if the brand ceased to exist. The strongest level of emotional connection.

When you see these elements, there is a far distance to passive loyalty--out of convenience, no other choice, or habit. - **Art Turock, Strategic Innovation Catalyst, Art Turock & Associates**

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Carol Christison, IDDBA  
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Richard J. George, Ph.D., Saint Joseph's University  
Dan Gilmore, SupplyChainDigest  
Ted Gladson, Gladson Interactive  
Mark H. Goldstein, Loyalty Lab  
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Len Lewis, Lewis Communications  
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Jaime Marin, J Marin & Associates, Inc.  
Richard P. Martin, Grocery Manufacturers Association  
Ryan Mathews, Black Monk Consulting  
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Seth Mendelson, Grocery Headquarters  
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Brian Numainville, Nash Finch Company  
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David Shanker, Information Resources, Inc.  
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Catherine Sleep, just-food.com  
Laura Sonderup, Heinrich Hispanidad  
Herb Sorensen, Ph.D., Sorensen Associates  
Terry Soto, About Marketing Solutions, Inc.  
Carol Spieckerman, newmarketbuilders  
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Kevin Sternecker, DamonWorldWide  
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James Tenser, VSN Strategies  
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Art Williams, Retail Marketing Consultant/Analyst  
Ken Wyker, Wyker Marketing  
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Tom Zatina, Zatina & Associates  
Thomas Zaucha, National Grocers Association

**RetailWire Commentators:**

George Anderson, RetailWire  
Bernice Hurst, Fine Food Network  
Karen Kingsley, Kingsley Business Advantage  
Ron Margulis, RAM Communications  
Warren Thayer, Private Label Buyer  
Al McClain, RetailWire  
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**For RetailWire.com sponsorship information, contact:**

Al McClain - 203-975-0557 - amcclain@retailwire.com

**For other business inquiries, contact:**

Rick Moss - 973-744-0813 - moss@retailwire.com

**For editorial inquiries, contact:**

George Anderson - 908-709-1690 - geoanderson@comcast.net

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