

Chapter 2

Strategic Action: Four Elements for Increasing the Effectiveness of Marketing Actions

Abstract The second chapter concentrates on strategic action and on the ways to increase customer loyalty and refers to: • two points linked to the uniqueness of the offer and the dynamics for managing the competitive advantage; • the four steps leading from the purchase to customer loyalty; • the analyses of the performance of and on the customer; • four methods for developing customer loyalty. These elements define the strategic action, understood as the fulfilment of the activities carried out to achieve customer hyper-loyalty. Such activities contain, in the way they present themselves, elements linked to the strategy underpinning them. To ensure the effectiveness of every marketing action, it is crucial to know and analyse the four steps (purchase, repeat purchase, retention, loyalty) that form the path leading from the purchase to loyalty as presented below. The objective stated is two-fold: on one side it is to analyse every single component as having its own significance; on the other, it is to identify, where possible, a common theme that is logical as far as content is concerned and sequential with regard to process and which defines the path followed by the “steps”.

2.1 Awareness of the Value of the Offer and Competitiveness

The picture painted of the current role of marketing in the first chapter, is the prerequisite for identifying the logic and techniques needed to achieve customer loyalty.

In particular, this chapter refers to:

- two points linked to the uniqueness of the offer and the dynamics for managing the competitive advantage;
- the four steps leading from the purchase to customer loyalty;
- the analyses of the performance of and on the customer;
- four methods for developing customer loyalty.

These elements define the strategic action, understood as the fulfilment of the activities carried out to achieve customer hyper-loyalty which contain, in the way they express themselves, elements linked to the strategy underpinning them.

2.1.1 *Awareness of the Value of the Offer*

“Why me exactly?” (“Io proprio io perché”)¹: the author was struck for the first time by this phrase, written on a stone, while travelling along state road SS125 leading from Maracalagonis to San Priamo in the province of Cagliari. In its simplicity, the short aphorism asks a fundamental question that incorporates the essence of competitive advantage (Porter 1990) to be offered to one’s customers.

This quotation represents the essence of marketing and integrates that of Bellucci (2015) affirming that the consumer must perceive an actual appraisal of “uniqueness” and “originality” in the offer and that it must be constantly improved in order to create further added value.²

According to the author, every firm needs first to create and then understand and recognise at all times, the drivers linked to the value realised by the person—product—firm triad,³ the origin of the competitive advantage linked to differentiating what is offered.⁴ An awareness of one’s own strong points is crucial for the firm in order to give value to what it produces, to support the preference shown by the customers,⁵ and to increase the distance separating it from the competition. For this reason, it is worthwhile monitoring the elements taken into consideration by the customers when making their choice (key purchasing factors) and basing the firm’s strategies on these expectations. Nurturing such uniqueness means contributing towards guaranteeing such differentiation and encouraging the clientele to make repeat purchases (loyalty).

¹The question summarises in a few words the philosophical problem of self-knowledge which has been tackled at various times throughout the history of the discipline.

²Bellucci, Andrea. *Strategia, gestione del rischio e creazione di valore nelle imprese assicurative*. Vol. 33. G Giappichelli Editore 2014.

³The concept will be examined in depth in the third chapter.

⁴Smith (1956).

⁵The concept of uniqueness, in terms of differentiation compared with one’s competitors, was introduced in 1961 in the field of advertising by Rosser Reeves who proposed the notion of *Unique Selling Proposition* to describe an advertising technique capable of emphasising not the characteristics of the product, but its differences compared with those of the competitors. Such a concept, considered more generally on the level of marketing, outlines a *consumer-oriented* strategy, capable of differentiating one’s own product/service from that of the competitors (Bungey 1997). The uniqueness of one’s offer—in terms of marketing mix, positioning and *brand ingredients* (Kotler and Pfoertsch 2010)—is, in fact, considered by Porter (1990) as a primary source of competitive advantage.

2.1.2 The Concepts of Rolling Competitive Advantage and Rolling Competitive Strategy

Uniqueness and differentiation are, according to the author, the key factors that allow firms to create and defend their own competitive advantage. However, the competitive context in which they operate is not in itself able to guarantee the duration of their advantage and for this reason they must have recourse to specific “dynamic” skills (Teece et al. 1997; Schilke 2014) in order to identify a set of competitive advantages capable of anticipating the moves of the competition.

On the basis of these considerations, the concepts of Rolling Competitive Advantage (R.C.A.) (Cavallone 1990) or Continuous Dynamic Competitive Advantage are introduced. The firm must be able to handle such flexible skills constantly both in complex and dynamic environments (Hitt et al. 1998; Zahra et al. 2006) as well as in stable ones (Helfat and Winter 2011), re-thinking the actions required to support its strategy of differentiation, as each circumstance arises. Consequently, the firm must define a set of competitive advantages to be played on the market, anticipating the competition or responding to their imitative or innovative moves. The firm that launches a new product on the market at a set price after lengthy research, already knows from the outset that “its secrets” will shortly be available to the competition which, without any great economic, technological or human effort, will respond to the product with an equivalent (if not better) one, perhaps even selling it at a lower price. This gives rise to the need to have a counter-move ready at all times by way of a reply.

Again following the same logic and extending it to the area of managerial decisions, a Rolling Competitive Strategy (Cavallone 1990) or Continuous (or Dynamic) Competitive Strategy can be envisaged by which a firm checks the results and behaviour of the competition constantly in order to analyse its own marketing mix in depth to identify its strong and weak points. Starting from the latter, it is possible to trace back the objectives set for the marketing mix and the strategies implemented to achieve such aims. To all effects and purposes, this strategy serves as a “dynamic X-ray” of how the competition presents itself and moves on the market and represents an excellent tool enabling shrewder strategic decisions to be taken.

2.2 The Four Steps from the Purchase to Customer Loyalty

2.2.1 Purchase

To ensure the effectiveness of every marketing action, it is crucial to know and analyse the four steps (purchase, repeat purchase, retention, loyalty) that form the path leading from the purchase to loyalty as presented below.

The objective stated is two-fold: on one side, it is to analyse every single component as having its own significance; on the other, it is to identify, where possible, a common theme that is logical as far as content is concerned and sequential with regard to process and which defines the path followed by the “steps”.

The first step is linked to the purchase, in other words the act by which a person’s thoughts, suppositions or decisions to enter into possession or ownership of certain goods is put into effect. Every purchase, even the smallest in terms of value or significance, is linked to two important drivers:

- the concept of need (identification phase: focusing);
- the psychological process (sequential phase: the steps constituting it).

There are many definitions of need: the Italian dictionary defines it as “the lack of something essential or useful” (De Mauro 2007) or as “the necessity to obtain something that is lacking” (Zingarelli 1999). The emphasis placed on the concept of a lack of something is combined with verbs such as feel, experience, show; in its economic meaning, De Mauro (2007) again draws attention to “the need or desire for an object or service which, when accompanied by an adequate purchasing power, becomes a demand”, uniting the two drivers referred to above. Many other definitions of need also exist: one of them describes it as the gap between one’s current state and the desired one (Guatri et al. 1999), shifting the focus towards an analysis of the potential customer’s experience when he acknowledges that his level of satisfaction is incomplete. This perception may be due to a lack (of ownership or possession, availability or knowledge) which materialises in the virtual distance separating him from where he would like to be, in other words on the path towards reach his desired (physical or mental) status.

Needs can, in their turn, be classified under various types. Firstly, consideration must be given to the difference between need and desire. Needs are situations—potential states of mind, activated by the “flashing red light” (Dalli and Romani 2000) when the satisfaction level is low. Desires represent solutions, in other words the possibilities, alternatives, choices by which consumers obtain what they seek or what they lack.⁶

Moreover a distinction can be drawn between existing needs (involving the awareness of a “lack”) and latent needs that may emerge suddenly, continuously, repeatedly or periodically (such as hunger or thirst) or discontinuously (need for a holiday or a new car).

A further distinction is linked to innate⁷ or acquired needs. The latter emerge through “contamination”, in other words from the interaction of the individual with the social-cultural environment that he frequents and which surrounds him (family,

⁶Herrmann et al. (2000).

⁷According to the well-known theory of Maslow (1954), human needs present a pyramidal hierarchical order and, from the bottom up they are classified as: physiological (hunger, thirst); safety (safety, protection); social (sense of belonging, affection); esteem (self-esteem, recognition, status); self-realisation (development and self realisation).

reference group, media, etc.) and are linked to the growth and development of the person and of his personality.

Various scholars have addressed this subject, seeking to define a list that would allow needs to be catalogued. For the sake of brevity, mention is made of the classifications emerging from the studies by Murray⁸ (1938) and McGuire⁹ (1974, 1976).

McClelland (1993), in more than fifty years of studies, also considered motivational needs, identifying them as pertaining to three types of individual: those who have motivational needs (i.e., that encourage an action or reaction) for power, for fulfilment and for affiliation.

Let us now analyse the purchasing process which takes place when the offer made by the firm is perceived by the consumer as responding to his or her expectations. The Italian verb “acquistare” derives from the Latin verb *acquirere* meaning “to obtain ownership by paying”¹⁰; in Italian it is synonymous with “comprare” (to buy) and leads back to the concept of obtaining, procuring for oneself as well as gaining (fame) or hiring, taking and employing.

The buying process is usually divided by the various authors (Dalli and Romani 2000; Busacca 2004; Kotler and Armstrong 2006; Puccinelli et al. 2009) into five, sometimes seven different consecutive stages:

1. Perception of the need (or recognition of the problem): in this phase, an internal or external stimulus (for example advertising) generates the awareness of the need on the part of the consumer
2. Gathering information: the person collects information (from his surroundings or from memory) about the various alternative offers available that are capable of satisfying his need;
3. Assessment of the alternatives: the information is processed, comparing the need and the various offers on the basis of the criteria considered relevant by the individual;
4. Decision to buy: the consumer chooses the offer that generates a value perceived to be higher;
5. Consumption and post-purchase evaluation: the alternative chosen is used and assessed for its capacity to satisfy the need.

⁸Murray’s classification reports both negative needs such as humiliation, deference, insecurity, aggressiveness, as well as positive ones such as success, autonomy, opposition, solidarity, order, sensitivity, safety, understanding, and also “different” needs, such as dominion, exhibition, avoiding evil, play, sex.

⁹McGuire subdivides needs into external and internal or non-social as they are linked to the individual’s relationship with other people. Amongst internal needs McGuire includes: consistency, fortuity, categorisation, interpretation, independence, curiosity, idealisation, usefulness, reduction of tension; the external ones include self-expression, defence of the ego, assertiveness, support, affiliation, identification, imitation.

¹⁰Quotation from Crystal Reference (<http://www.crystalreference.com>); in Dutch: *kopen*; in French: *acheter*; in English: *buy*; in German: *kaufen*; in Spanish: *comprar*.

The level of complexity and the duration of the decisional process described may vary quite considerably according to the individual characteristics of the consumer (level of propensity for risk, involvement, etc.), the objects of the purchase (unit value, level of complexity, etc.) and by the degree of novelty of the purchase situation (Busacca 2004). For example, for an item bought on impulse¹¹ or in the case of repeat purchases¹² the five phases may last just a few seconds, while for more complex items (such as a house or a car) they may take much longer.¹³ Furthermore, other factors must be taken into consideration such as the frequency with which such purchases are made, the complementarity with other goods and services, the unit value of the product, the effort made by the buyer to gather all the elements necessary to make the right decision for himself and the intrinsic complexity linked to the object's use.

During the purchase process described, it is seen how the value perceived by the consumer becomes a determining factor which deserves to be examined in depth. In particular, the overall value of the offer is based on the customer's perception of what he believes he has received as the result of the combination of the product with the service component. This result is the customer's choice linked to a specific commercial offer made by the company.¹⁴ In the case of a car, for example, the combination is given by the product (in the strict sense, the car purchased) and the auxiliary services linked to it (the delivery, the length of the guarantee, payment in instalments, etc.).

Therefore, the purchase may be defined as:

Purchase = F(*delivered mix*, Perception)

The *delivered mix* incorporates the marketing mix identified by the firm and, for the very reason that it concerns a performance, it represents the realisation of the strategic and operative efforts of marketing that define the offer. Its evolution into the *delivered mix* is linked to the passage from theoretical to practical, in other words from what is designed to what is achieved and, in this way, it becomes a wider concept insofar as it is linked to the "mise en scène" of what had previously been supposed. Being self-referred, the second component perception, modifies

¹¹With reference to impulse buying, reference should be made to the meta-analysis recently performed by Amos et al. (2014).

¹²Busacca (2004) states that "all the awareness (consisting of the trademarks that the consumer recognises) and the elements evoked (consisting of the alternatives representing the choice) are, basically, stable, giving rise to crystallised behaviours or ones that are, in any case, repetitive and reiterated in a marked simplification of the process".

¹³In fact, the purchase features a sudden and hedonically complex process in which the rapidity of the impulse buy precludes all rational evaluation (Sharma et al. 2010). More precisely, the authors (op. cit., p. 277) consider the impulse buy "as a sudden, hedonically complex purchase behavior in which the rapidity of the impulse purchase precludes any thoughtful, deliberate consideration of alternative or future implications".

¹⁴Marino (2006, p. 268) affirms that "every proposition represents a proposal (coherent with the positioning) that the firm implements vis-à-vis the individual "customer-demand" pairs on which it decides to operate".

each individual customer's experience of the *delivered mix* and leads to the purchase once the consumer judges the reaction between the two parts positively.

The description concerns the offer in general, however, a distinction must be made when the object of the purchase is a service and not an item as this complicates the buying process. Services are, in fact, characterized by the simultaneousness of the production and the consumption so that "while physical goods are produced, then sold and consumed, services are first sold, then produced and consumed simultaneously" (Zeithaml and Bitner 2002, p. 10); in addition, "as services are performances or actions and not objects, they cannot be seen, heard, tasted or touched in the same way in which we can perceive tangible goods" (Zeithaml and Bitner op. cit., p. 11). This implies that the consumer's evaluation of the alternatives is made more complex by the absence of tangible elements: consequently, it is based on the perceptions of an imaginary value built and communicated by the firm and formed in the mind of the individual. For this purpose, the aspects linked to the ethics with which the commercial offers are presented to the prospective customers are fundamental; the lack of preliminary evidence emphasises the value of the faith generated in the provider which must then be maintained by the same by means of an appropriate *delivered mix* (that matches the promises).

What the firms offer must take into account the *motivations* driving the customer to make the purchase which, as confirmed by various contributions in the fields of psychology, sociology and economics, may be quite complex. *Psychology* demonstrates how the purchase and consumption of an item do not always depend on a calculation of utility, as upheld by traditional economic theory, but are often also attributable to affective, symbolic (Guatri et al. 1999; Busacca 2004) and emotional motivations like belonging to a certain social or reference group. *Sociology* underlines the impact of the latter and the social influences on the purchase choice. This also explains phenomena of conspicuous purchases, such as the ones documented as far back as 1899 by Veblen who highlighted the signalling function of possession. In particular, he drew attention to the enormous houses bought by successful businessmen (also) as an instrument for displaying their status and wealth (East 2003). This brief analysis shows how motivations underlying the purchase are not only of a rational nature, linked to objective cost-utility evaluations, but they also include more complex and latent psychological and sociological driving forces.

Once the motivations have been understood as well as the relative key purchase factors (to which reference will be made below), the firm is required to position its offer in terms of the attributes and benefits expected and perceived by the consumer.¹⁵ In order to do this, recourse is often made to the so-called *benefit segmentation* (Dalli and Romani 2000), a procedure by means of which segments of homogenous consumers are identified in relation to the "consequences" that they

¹⁵The attributes "are directly perceivable characteristics linked to the product and represent the direct source of utility of the consumer" (Dalli and Romani 2000, p. 87), while the benefits are "the desirable consequences associated with the purchase and the use of the product" (Dalli and Romani 2000, p. 90).

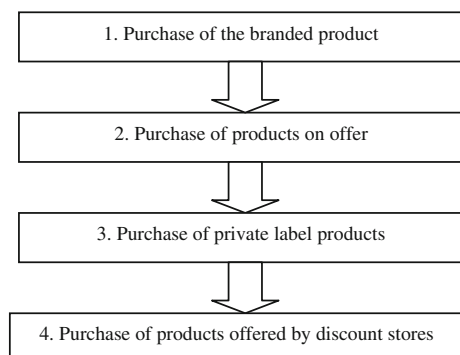
wish to obtain from the product, regardless, therefore, of the objective characteristics of the same. Returning to the example of the purchase of a car, the performance achieved by a four-wheel drive car may be perceived differently by those who give priority to the need for safety linked to the greater stability achieved on all types of terrain compared with those who consider such a car to be convenient as it does not require snow chains to be fitted and enables all types of road to be tackled, whether in the mountains or not, under all weather conditions.

In addition, the firm must study the structure of the decisional process of the purchase very carefully, as referred to previously, as well as the articulation of the various stages and their duration in order to choose the most effective marketing levers to be used case by case. Take, for instance, the special offers which make the customer change his mind at the last minute: this may imply, for example, departure from a shopping list naming products and brand names to shopping for products, leaving the choice of brand name to the presence of offers and promotions. In mass distribution, a change has occurred that can be described in the four phases shown in Fig. 2.1, reporting the evolution in consumers' behaviour towards foodstuffs: it can be noted how, over time, the consumer has changed his buying behaviour following both external variables (advertising, promotion) as well as internal variables (buying power, economic zapping) and emulative variables.

As stated, the buying process ends with the fifth stage, the one concerning evaluations as a result of consumption. At this point, the consumer compares three elements: the expectations of what he was anticipating receiving, the expectations regarding the specific pre-chosen offer and the performance perceived/obtained. This determines the drawing up of indices of satisfaction and, primarily, what is defined as *basic customer satisfaction* which is achieved when the consumer perceives a basic satisfaction from the performance of the product that is coherent with his expectations; it represents a sort of "minimum acceptable" return condition linked to the choice made which rewards the decision taken and tranquillises the customer regarding his evaluative and decisional capacities.

Furthermore, satisfaction becomes a link with the second step along the path that enables customer loyalty to be exceeded: the repeat purchase.

Fig. 2.1 Evolution of buying methods (drawn up by the author)



2.2.2 Repurchase

The second step consists of the repurchase which occurs when the customer decides to buy the product/service again from the same producer that has already supplied him. The very etymological origin of the term, which means “to buy again” (“*acquistare di nuovo*” in Italian from the *Dizionario Etimologico della lingua italiana* Zanichelli 1999), emphasises the repetitiveness of the act of purchasing. This decision can be considered as the result of two complementary drivers: satisfaction achieved by means of the first experience of consumption and the lack of motivation to change on the part of the consumer (Cavallone 2000). In short:

Repurchase = F(Satisfaction with *delivered mix*, Lack of motivation to change)

Before highlighting the elements that encourage a repurchase, it should be pointed out that Robinson et al. (1967) and Tassinari (2003) have analysed the differences between unvaried and modified repurchase¹⁶; already in 1990, Busacca, on the same subject, stigmatised the aspects linked to the buying situation with a double entry matrix referring to the level of learning required of the consumer and the complexity of the decisional process.¹⁷

The first factor to be analysed is, therefore, represented by satisfaction (or *customer satisfaction*). This concept has been expressed in numerous ways in literature: Collesei (2006), for example, states that “*customer satisfaction* may be defined as the result of the comparison made by the customer between the benefits and the costs experienced and the benefits and costs expected, with regard to the set of components of a firm’s given offer”.

Analogously, Kotler (2006) states that “customer satisfaction depends on the comparison between the perceived performance of the product and the buyer’s expectations: if the performance is below expectations, the customer will be dissatisfied; if they comply with expectations, the customer will be satisfied; if, in the end, it exceeds his expectations, he will be very satisfied, enthusiastic or delighted”.¹⁸

¹⁶These are linked both to the decisions taken in situations of uncertainty (for example the same product/brand is purchased again due to a lack of information about the competition or for fear of not obtaining the same mix of performance for the same investment), or in cases in which the customer does not have concrete or reassuring information about a potential alternative choice; both elements impact on the concept of cognitive dissonance referred to by Festinger (1957) linked to post purchase changes of mind.

¹⁷In the matrix mentioned, Busacca places the vector “Novelty” on the axes on one side, referring to a new purchase, modified repurchase and unvaried repurchase and on the other side the “Learning” vector divided into high, average, low.

¹⁸As far back as 1988, Kotler theorised a new approach to marketing, the so-called *social marketing* whose objective is to pursue the firm’s success in order to preserve the well-being of both the customer and of the firm simultaneously. As the segment of consumers was growing, Kotler asked himself whether in fact any firm could achieve customer satisfaction by aiming exclusively at its own profit or whether it was necessary to incorporate the consumers’ needs. Analogously, Ketilson (1990) emphasised cooperation as a fundamental element for building *customer satisfaction*.

Valdani and Busacca (2004, p. 64) further clarify the concept, underlining that “customer satisfaction is reached when the processes (of understanding, planning and implementation) of the firm and those of the customer (from which desires, expectations and perceptions derive) are perfectly aligned both for each other and for themselves”.

It, therefore, follows that, according to the authors quoted, any dissatisfaction may be analysed by studying a series of schisms (gaps) attributable to divergences between:

- the value that the firm’s management intends to offer the customer (planned value);
- the value that the customer intends to obtain from the firm’s offer (desired value);
- the objectives of value for the customer that the firm has understood and assimilated (recognised value);
- the value actually offered to the market (offered value);
- the value recognised by the customer (perceived value).¹⁹

Finally, the observations of Bona and Costabile (2004, p. 92) are interesting, as they believe that *customer satisfaction* represents “a flow produced following every interaction that the customer has with the firm. Such a flow feeds a stock: faith, understood as a bias with regard to the firm’s ability to offer a value that is congruent with what is expected”. The concept of “stock of faith” represents for the firm a concrete opportunity to capitalise on previous performances by means of a sort of return of the investment in credibility (Bona and Costabile 2004) which, for the very reason that it is perceived positively by the customer, leads to a new purchase, to a new display of faith towards the offeror. Such a situation of “capitalisation” means that the customer lowers his barriers of defence towards those who, in the past, showed they could maintain their promises, together with an unwillingness to assume new cognitive costs for an aprioristic assessment of the validity of an alternative offer, creating diffidence towards those who offer themselves as yet unknown suppliers (in whole or on part). Furthermore, it should be remembered that research of a sociological nature has shown that yes, faith does accumulate, but that it is also consumed if it is not used over time. It is essential for firms to monitor the ways in which the stock of faith is created, its valorisation in the customers’ perceptions as well as the “expiry date” of the same in order to capitalise on its positive value for the firm.

In brief, marketing literature, although with different nuances, seems to share the definition of *customer satisfaction* as being the result of the comparison between the customer’s expectations before the purchase and the actual performance perceived from the product/service; in other words, it verifies the firm’s capacity to keep faith

¹⁹On this topic, see Busacca (2004) and Valdani and Busacca (2004). Eggert and Ulaga (2002).

with the customer's perception of the promises made which, in their turn, influenced the first purchase.

Therefore, *customer satisfaction* occurs when

Perceived quality/Expectations ≥ 1

On an analytical level, Levitt (1983) furthermore asserts that *customer satisfaction* is a function of three variables:

1. *customer service*, an essential element but not sufficient to guarantee satisfaction and success by itself;
2. *total quality management*, to express quality in every aspect of the business;
3. *relationship*, because it is necessary that a relationship exists between the firm and the consumer based on knowledge and trust in order to obtain *customer satisfaction*.

Moreover, various authors have analysed how the firm must act in order to achieve the result of *customer satisfaction*. Amongst them, Holloway (1991) in his work suggests the strategies to be taken into consideration related to the themes of clientele, organization and *delivery*.²⁰

Customer satisfaction is, furthermore, indissolubly linked to the satisfaction and loyalty of the employees (Schlesinger and Heskett 1991): the so-called internal marketing actually plays a direct role in optimising the performance perceived by the external customer.

At the same time, as affirmed by Hildebrand (1996) and McDonald (1995), it is necessary to be aware of and avoid the traps of *customer satisfaction*, such as:

- believing that *customer satisfaction* is easy to achieve;
- applying total dedication to *customer satisfaction*;
- neglecting the direct link between *job satisfaction* and *customer satisfaction*.

Moreover, the same authors point out that satisfaction makes the customer happy, an essential element for a repurchase. Apart from the three traps referred to above, the author (Cavallone 2000) points out the potential trap of dedicating too many resources to customer satisfaction without monitoring their experience, which leads to a sort of "worm screw": the customer always tends to ask for more without acknowledging the extra value received with its extra cost. This situation leads to the firm incurring further costs which, if they are not constantly transferred to the customer, lead to obvious negative consequences of an economic-financial type.²¹

²⁰Holloway states in his list: organise (and circulate) reasonable and consistent expectations of service for the initial contact; keep every customer informed of developments in solving a problem; organise one day dedicated to service; satisfy and exceed the customer's expectations; define the problems rationally; give the customer the right solution to the problem in good time; urge the customer to make suggestions; reply to complaints directly and quickly.

²¹Again linked to the theme of internal organisation, Johnson and Gustafsson (2003) describe in their work a set of systems for measuring satisfaction based on the model: internal quality → external quality and satisfaction → loyalty and customer *retention* → financial performance, in line with what was stated by Hill et al. in their work (2003).

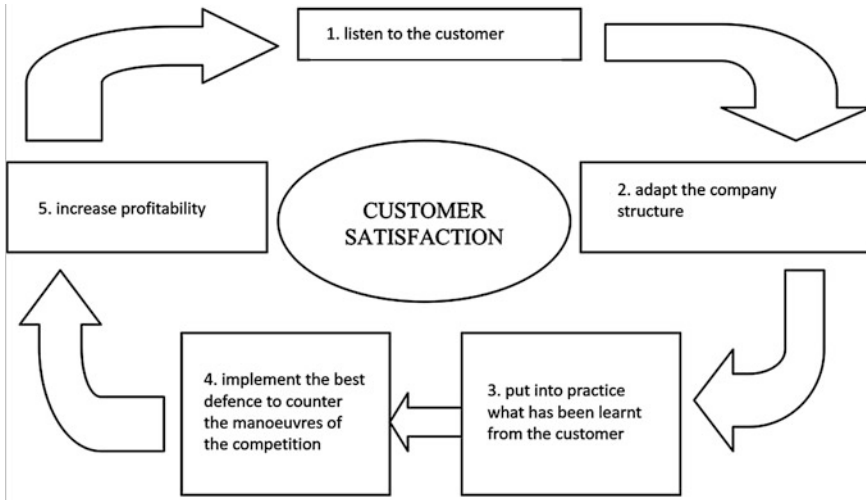


Fig. 2.2 The positive cycle of customer satisfaction (drawn up by the author)

Therefore, in conclusion it can be affirmed that “what constructs *customer satisfaction* is, in general, the service system the firm is able to design and build around a product that is the object of the firm’s own marketing offer” (Metallo et al. 2002).

Summarising the various theoretic contributions and wishing to create a hypothetical procedure, it can be affirmed that *customer satisfaction* implies a path of various steps, analysed as follows (Fig. 2.2):

The first step (as Whiteley 1992 recalls) is to listen to the customer throughout the duration of the relationship: during the initial phase, to be able to define the needs and expectations; during the supply phase, to monitor the activities; in the phases following the sale, to assess the outcome. For this reason, it is essential for the company to look at its products “through the customers’ eyes” (Cavallone 2000) and that there is coherence between the methods for listening and the internal quality and process indicators. The company must always anticipate and deal with the customers’ expectations, demonstrating a proactive attitude with regard to the changes taking place and enhance the relations with the demand segments concerned. Integration is at its utmost when the company processes blend with those of the customers in a perspective of value creation; in other words there is a passage from a *give/get* logic to a partnership (Cavallone 2000) characteristic of the collaborative economy, in which the consumer, considered by the company to be the recipient of products/services, becomes a co-designer and co-producer; the Second Life phenomenon, the interactive “game” that has received great attention and is used by various companies to receive suggestions and contributions on how to make its products, is an obvious and concrete example and the advertising budgets set aside for this type of communication channel reinforce the above statements.

In other words, listening to the customer must not be just a slogan: it is pointless possessing precise information if the ability/willingness to interpret or translate it quickly into actions for improvement is lacking. A proper system for listening to customers must safeguard (Cavallone 2000):

- the consumer's overall satisfaction, with the final aim of discovering his global perception, to allow checks and comparisons to be made over time and to be able to relate with the competition;
- his satisfaction for specific key events, for the purpose of gathering his evaluation of particular aspects and to encourage the giving of opinions so that the memory is kept alive;
- the encouragement and collection of complaints, comments and suggestions that enable the customer to communicate with the company when he feels it is necessary to do so and that enable the company to pinpoint where the unsatisfactory elements lie, giving proof of knowing how to redress inefficiency.

At this point, the problems must be considered from the point of view of the clientele and the company must be organised as a consequence, retracing all the steps that the client takes, from searching for a supplier to the evaluation of his status after the provision of the goods or services. Whiteley (1992) confirms that it will become increasingly difficult to know what the customer wants a priori, as he will no longer want anything, so new, creative paths will have to be embarked on. The ability and will to learn will have to be constant and, above all, the desire to put what has been learnt into practice. The company that only invests in technical-professional know-how manages to improve its product, but this is an aspect that is easily copied. If, on the other hand, the company invests simultaneously in social-cultural skills, this contributes towards creating a company culture oriented towards change and innovation. It can be deduced that the management of complexities appears to be increasingly subordinate to intrinsic potential and to immaterial resources, the implementation of which is the only way to tackle the dynamism of demand, of technology and of competition. Finally, it should not be forgotten that satisfaction is a fickle winning post moved forwards by the action of the company and that of the competitors and then the positive cycle of *customer satisfaction* is taken up once again.

The second driver of repurchase is represented, on the contrary, by a lack of motivation to change.

According to some scholars (Wood and Swait 2002; Srivastava and Sharma 2012), the propensity to adopt a new product/brand or not depends on two types of need (Cacioppo et al. 1996): *need for cognition* e *need for change*. The first concerns the individual's ability to process and evaluate information and influence elements such as attitudes, preferences, behaviours and opinions; the second, however, as they are linked to the individual's familiarity with change and all the risks associated with it (Wood and Swait 2002; Srivastava and Sharma 2012), affects factors such as repurchase and loyalty. By combining these two elements, it is possible to pinpoint different levels of motivation for change and, consequently, different buying behaviours (Wood and Swait 2002; Srivastava and Sharma 2012).

In the case of repurchase, the customer chooses the same product due to a sort of “inertia” and by force of habit (Engel et al. 1995), without this being accompanied by a positive attitude towards the brand (Tassinari 2003), demonstrating a superficial lack of motivation for change. The fact that consumers continue to buy a certain brand may, for example, depend simply on its accessibility, the functionality of the product sold (East 2003), its value for money or the level of service offered (Hawkins and Vel 2013). For this reason, the repurchase is also defined as behavioural loyalty (Costabile 2001). In fact, although it is driven by factors such as the perceived value, satisfaction, high *switching costs* and investments in relationships, it is characterised by a poor involvement of the spheres linked to loyalty and emotions (Hawkins and Vel 2013). In particular, it should be observed that in this phase there is in fact a lack of involvement on the part of the consumer (which, as shall be seen later, will be instrumental for the aspects linked to customer loyalty) who buys a certain product even if he does not like it any more than other products in the same category, expressing in this way the so-called *spurious loyalty* (Dick and Basu 1994; Li-Wei 2011). Indeed, according to Castaldo and Mauri (2002), there are repetitive buying behaviours which, although demonstrating a reiterated choice of the same offer must not be confused with the concept of *customer loyalty*, as a fundamental element is missing: that of trust. These behaviours must be traced back to a series of other factors, such as the rigidity of opinions expressed, the lack of propensity for change, the tendency to legitimise decisions taken in the past, elements of an environmental nature such as modest differentiation or the lack of dynamism in the competitive context or the existence of constraints of a distributive nature. For these reasons, although the link existing between repetitive behaviour and *customer loyalty* is evident, the first constitutes a necessary, but not sufficient condition for the concrete manifestation of the second. Furthermore, it does not always concern the repurchase of just one brand/product: in fact, the phenomenon of “multiple loyalty” should be considered, in other words loyalty divided amongst several brands (East et al. 2013), which makes it even more evident how none of the offers is able to win the exclusive involvement of the consumers.²²

In its turn, the repurchase can be broken down as a function of income, of the threshold in euros of the impulse buy and of the value attributed to a commodity by the consumer. On this matter, East et al. (1995) demonstrated that often the most loyal consumers in food categories have a larger income and spend more compared with the less loyal consumers who are generally more concerned with the price and are attracted by discounts. Furthermore, repurchase is more probable for goods with a lower unit value for which the consumer adopts habitual behaviour: in these cases the threshold of the impulse buy depends not only on income, but also on the characteristics of the individual consumer.

²²Ehrenberg (1988), for example, confirms that most families are loyal to several brands which, as basic and general commodities, they consider to be alternatives to each other or they buy them when they are on special offer.

Having clarified the two drivers of repurchase, it is important to analyse why such “repetitive” behaviour may, at a certain point, come to an end. In particular, the reason for interrupting the repurchase and the consequent overcoming of inertia, may be induced by external factors such as promotions, special displays, the absence of the specific product from the shelves, price, competition, ethics (East 2003; East et al. 2012, 2013), *word of mouth* and social relations (Nitzan and Libai 2011)²³: all these elements generate an approach in the individual that seeks variety. Then, if the consumer is satisfied with the new offer, a new repurchase process will probably be activated until other specific factors intervene to interrupt such behaviour.

2.2.3 Retention

The third step is represented by *retention* which involves an active role on the part of the company for the purpose of retaining the customer. The very word *retention*, deriving from the English verb *to retain* with a double meaning of “to keep, not to let go of something” and “preserve, maintain, contain” (Zanichelli 1995), conveys the idea of an active subject (in this case the company) and a passive subject/object (the customer) who is retained.

Retention is identified as:

F(delivered mix, relational marketing—CRM).

Hennig-Thurau and Klee (1997) underline how considerable divergences exist between the concept of *customer retention* and those of repurchase (*repeat purchasing behavior*) and loyalty. First of all, unlike loyalty which includes both a component of repeat purchase and a favourable approach/predisposition towards the product, in the case of *customer retention* only the first of the two aspects referred to above is present. In addition, in *retention* the marketer is seen as the person who takes the active role (in other words “the one who retains”) in the marketer-consumer dyad, while the concept of repeat purchase does not focus on the factors behind the behaviour shown by the individual. Therefore, *customer retention* aims at a repeat purchase which is activated by the marketer.

On a theoretical-conceptual level, the theme of *retention* has its roots in the wider considerations regarding the so-called relationship marketing which, having started initially within the service sector, soon spread to all the various areas (Grönroos 1994, 2011; Gummesson and Grönroos 2012; Grönroos and Helle 2012). According to this approach, “marketing must create, maintain and strengthen profitably the relationships with the customers and the other partners, so that the objectives of all the parties are achieved” (Grönroos 1994). The connections between *retention* and relationship marketing were then rendered even more

²³From their study, it emerges that exposure of an individual to a “disloyal” social network increases the probability of infidelity by 80% (Nitzan and Libai 2011).

explicit by Gummesson (1999), who spoke of *retention marketing*.²⁴ There again, in the more advanced marketing realities, the company “interprets the sale, obviously as an individual act, but firmly set in a wider continuative relationship, in which the conviction to make an immediate purchase does not count as much as the ability to establish a commercial relationship for the purpose of increasing as much as possible the value generated by the consumer for the company over time” (Mattiacci 2003).

Various authors have tackled the subject of *customer retention*, especially for the purpose of pinpointing some indicators of such a phenomenon. In this way, some indicators have been identified, including the well known CRR (*Customer Retention Rate*) and, symmetrically, the rate of *defection* (Reichheld and Sassel 1990²⁵; Peppers and Rogers 1999; Leone et al. 2006; Kumar 2010). On the basis of these approaches, the company measures the number of customers retained/lost each year and compares them with the total number of customers. This approach once again highlights how the concept itself of *retention* does not include a reference to the cognitive aspects (of appreciation, liking, involvement, etc.), but only to the behavioural aspect of the consumer.

Moreover, literature is unanimous in identifying the impacts of *customer retention* on the growth of profit, as a result of the following factors (Blythe 2006):

- increase in the number and quantity of the purchases;
- reduction of the operative costs;
- start of a positive word of mouth involving current and potential customers;
- possibility of applying a *premium price*.

The expression *customer retention*²⁶ may assume two different connotations and indicates two different ways in which the company carries out its role as a repeat purchase activator: the first is positive and refers to a pro-active relational effort (in the sense of “preserve, maintain, contain” as specified at the beginning of the paragraph); the second represents an impingement on the first and involves the creation of exit barriers to “keep the customer in”.

Analysing the first approach, it is obvious that from this perspective the company moves actively to encourage the repeat purchase by the consumer. This requires, first and foremost, a precise understanding of one’s customers which can be used to pull levers and use the most appropriate tools in each circumstance: in this way, the company is required to make an effort at establishing relations with the customer. To achieve such objectives, the companies are driven to organise structured activities of Customer Relationship Management—CRM (Kotler 2006; Kumar 2010; Braganza et al. 2013). It involves management procedures and, over time, has

²⁴See also Harher and Egan (2006).

²⁵Reichheld and Sassel (1990) report that the ability to retain 5% more of one’s customers a year may even enable the company to double their profits. For this reason, the so-called *Defection Management*, which is aimed at anticipating and avoiding abandonment by the clientele, must be adopted to the full.

²⁶Ranaweera and Prabhu (2003).

taken on a meaning referring to the use of the so-called new technologies that enable solutions to be designed and developed which are coherent with the customisation of the company's activities (Metallo et al. 2002). By adopting specific software, CRM goes beyond the concept of the technological platform and views a strong commitment on the part of the organisation to introduce the customer inside the company as fundamental (Ceccarelli 2005).²⁷ The result is that many initiatives of CRM have not “achieved the hoped for result as, in many cases, they have limited themselves to using suitable hardware and software, but action was not taken to involve the whole company in an efficient and effective solution to the problems of customer relations” (Collese 2006). The far-reaching relevance of this and the evolution of the CRM logic are also underlined by Kotler (2006), according to whom “CRM is perhaps the main concept of modern marketing. Until a few years ago, it was defined from a very limited perspective, as the management of data concerning the clientele, in other words the organisation of detailed information on the individual customers and the delicate handling of “sensitive” opportunities for contact (*touch points*) for the purpose of maximizing loyalty to the company. Over the last few years, however, CRM has taken on a wider meaning and represents the whole process of creation and consolidation of profitable relationships with the customers by means of the offer of value and increased satisfaction. In this sense, CRM embraces all the activities aimed at acquiring, retaining and increasing the number of customers”. According to Blythe (2006) “CRM is the creation, development, retention and optimisation of long-lasting and more mutually beneficial relationships between the consumers and the company. Successful CRM is based on the understanding of the needs and desires of the consumers, and it is carried out by placing them at the centre of the business and integrating them with the company's strategy, people, technology and the business process itself”.

In this more holistic vision, CRM qualifies as an approach capable of managing different types of relationships: in this sense Choudhury and Harrigan (2014), driven by the evolution of new technologies and in particular the social media, have

²⁷ According to Curry and Meacci (1999) CRM lies in the widest approach to *customer marketing*, whose objective is to identify, acquire, retain and increase customers. This approach uses the customer database and defines the integrated mix of sales techniques and communication methods suitable for achieving the objectives with the customer and measuring in figures the results of the efforts undertaken commercially. More specifically, the customers' database created by means of CRM, contains the following key information on both actual and potential customers:

- the characteristics and identity of the customer;
- products purchased, requests, interests;
- RFM factors, that is Recency (when the customer purchased the last time), Frequency (how many times the customer purchased for example the year before), Monetary (how much the customer spent all together);
- means of communication that influenced the transaction;
- history of the relationship with the customer.

Furthermore, it appears evident that CRM that aims at customer loyalty has to go beyond the collection of data and strive for an emotional involvement of the customer.

outlined a new model defined *Social CRM*. Its use enables the company to employ the wealth of information deriving from the social media in order to monitor the *engagement* of the users and, consequently, draw guidelines from it for their own business (Choudhury and Harrigan 2014).

The attention paid towards CRM has, therefore, led to a re-orientation of marketing activities towards individual relationships with the customers to build long-lasting relations (Bauer et al. 2002). In fact, CRM lies in a long term perspective in which companies aim not only at having profitable customers, but also at acquiring their value for life and capturing an increasingly large share of their purchases (Kotler 2006).

On an operative level, this results in the need for the company to identify, divide and profile the consumers on the basis of their profitability, of the costs of serving them and their buying habits (Thakur et al. 2006).²⁸

As far as *retention* is concerned, CRM thus represents a very important tool for knowing and stimulating the clientele. However, in this third stage of the process to go beyond customer loyalty, CRM has not yet fully expressed its potential which, as referred to in the following paragraph, manifests itself in terms of the complete involvement of the consumer, adding a relational logic of an emotional kind. Finally, it should be underlined that it is a tool that is not entirely irreproachable: “for some it represents the most suitable and highly advanced answer to the evolution of the markets [...] according to others, it involves an organisational approach and costs which, for the majority of companies, are unsustainable [...] as always, the truth of the situation lies somewhere in between” (Fiocca 2005).

In its second meaning, the concept of *customer retention* sees the company “forcing” the customer to repurchase its product by raising barriers and obstacles. In general, it should be noted that “the costs already borne to start the relationship (cognitive, emotional, operative and structural) represent true and proper barriers to the customer’s defection, whether they are the result of deliberate lock-in policies by the company or innate in the exchange process” (Bona and Costabile 2004), a topic also considered by Shapiro and Varian (1999). In this case, it is possible to refer to a true and proper *customer detention*, in which a flawed loyalty is created which sees the company transform its role from partner to *owner* (Cavallone 2000). As a result, the consumer, who is no longer sovereign, has a limited autonomy (East 2003). Thought should be given to extreme cases “such as education, health and justice, where the possibility to influence the service by not using it or expressing one’s dissatisfaction is, in actual fact, limited by the continual need to make use of such services” (East 2003). More commonly, such a phenomenon occurs, for example, in sectors in which various technological standards are in competition with each other, as in the case of digital music. The choice of one standard by the consumer, especially when this involves significant expenditure, may constitute a

²⁸The same authors detail the operative process of CRM in seven successive passages: understand the consumers; classify the consumers; deliver value to the priority consumers; focus on the strategic abilities; create client-centric strategies; select the software for the CRM; implement the CRM strategy.

considerable defection barrier, leading in fact to a phenomenon of negative *retention* (Zazzerini 2005). This generates “in the long term an unfavourable way of retaining customers [which] consists of increasing the costs of changes (original spare parts or direct customer assistance to be able to make use of the guarantee, bureaucratic operations that are necessary to terminate the relationship, etc.), leading in this way to a forced choice which is certainly not to the customer’s liking” (Collesei 2006). This occurred quite frequently in the banking sector in which this type of *retention* was wrongly equated with loyalty (Cavallone 2000; Omarini 2004). This negative *retention*, especially when linked to the presence of high *switching costs*, may give rise, according to the study by Lee and Neale (2012), to a negative word of mouth, leading to objective problems in the long run.

The third step to go beyond loyalty involves the company taking active steps to encourage its customers to make new purchases. *Retention*, as explained, may, however, be achieved in two different ways, the first with proactive steps on the part of the company (often backed by CRM), the second by raising barriers that prevent the customer from switching (*detention*). Only in the first of the two cases can the path leading to loyalty and beyond actually proceed; in the other case, the consumer will continue to buy being “forced” to do so, but will not, in fact, develop any involvement either with the company or the product.

2.2.4 Customer Loyalty

Having covered the purchase, repurchase and *retention* phases, the next phase is that of loyalty in which the consumer expresses his cognitive and not only behavioural loyalty to the company.²⁹ In other words, all three components enclosed in the real meaning of loyalty are present (East 2003), and that is:

- attitudes: the consumer reflects a positive inclination towards the brand;
- preference: the brand is purchased by the individual more and more often compared with other brands on the market in the same category of product³⁰;
- *allegiance* (behavioural loyalty in the long term): the individual continues to buy the brand for long periods of time.

In the historic definition offered by Jacoby and Olson (1970), loyalty is indicated as “a non casual behavioural response (that is the purchase) expressed in time by a functional unit (for example a family or a person) with reference to one or more alternative brands according to a psychological process (decisional process, evaluation)”. In a similar way, the customer’s motivation, the evaluative process and the

²⁹Bowen and Chen (2001).

³⁰It can be observed how the second component, preference, takes account of the phenomenon of multiple loyalty to several brands (East et al. 2013) and, on this matter, it is obvious that loyalty will be more easily “exclusive” in the short term in correspondence with a lower number of purchases.

satisfaction are the three factors that lead to loyalty according to Tassinari (2003). Aaker (1991), too, defines loyalty as the systematic adoption on the part of the purchaser of the same alternative deriving from a precise act of will, in its turn “ascribable to the existence of a hierarchically ordered preference structure”.

Loyalty, therefore, occurs in the presence of a consumer’s specific cognitive-psychological activity which draws from the faith accumulated over the period of the relationship with the company. The definition proposed by Busacca and Castaldo (2002) falls within this perspective, showing *customer loyalty* as that type of consumer behaviour in which the systematic repurchase of the commodity or service offered by the company “is motivated by the existence, in the customer’s cognitive system, of a significant stock of faith towards that company”. Costabile et al. (2004, pp. 44–45) go further, reaching the definition of *customer loyalty* as “an evolved form of loyalty which not only presents the characteristics of *true loyalty* but also identifies a relationship between the customer and the company (or the brand) enriched by the reciprocity (backed by a high perception of equity and fairness) and, therefore, marked by cooperative attitudes and behaviours. In brief, it is a loyal reaction”.

Prerequisites for such an approach are an understanding of the market, awareness and care for the customer; compared with the first two points referred to in the previous paragraphs, care for the customer requires a further reflection. A repurchase made by a customer may be considered as loyal behaviour only when the customer’s instantaneous satisfaction is accompanied by a sequence of positive buying and use experiences, that is to say accumulated satisfaction (Busacca 1998, 2002; Castaldo and Mauri 2002).³¹ The result is that “the person in front of you is no longer a casual buyer but a potential and precious partner whose willingness can be relied on in the years to come” (Fabris 2003, p. 409), a long term resource (Cavallone 2000).

Other scholars (Castaldo and Mauri 2002; Matthews et al. 2014) have also highlighted how trust has a multi-dimensional nature, given that it includes:

- a cognitive dimension: the customer’s convictions regarding the skills/abilities that the company has;
- an emotional dimension: the set of sentiments and emotions deriving from the repeated confirmation of the expectations of the company’s behaviour;
- a conative dimension: the growing *commitment* towards adopting collaborative behaviours that aim at guaranteeing the duration of the relationship.

The same etymological origin of the word “fedeltà” (loyalty) summarises very appropriately the concepts investigated beforehand. In fact, this expression derives from the Latin word *fides* (faith) and indicates the quality of one who is constant in

³¹Given that the accumulation of individual experiences of satisfaction may determine the conditions for actually achieving customer loyalty, the company’s commitment must be turned towards creating continual experiences of satisfaction, in other words moments in which the customer perceives that he has obtained from the supplier a value/price ratio that is higher than that obtainable from any other supplier (Busacca 2002).

his affection and love (Dizionario Etimologico della lingua italiana Zanichelli 1999). This recalls an emotional involvement (Cavallone 2000; Matthews et al. 2014) which drives a repeated and loyal behaviour that is far more significant than the purchase made as a result of inertia alone.

Customer loyalty can, therefore, be expressed as follows:

Customer loyalty = F(Satisfaction with *delivered mix*, involvement, relationship)

As can be observed, unlike the repurchase phase, the lack of motivation on the part of the consumer to change supplier is replaced by the relationship with the company and the involvement of the individual. Apart from its definition, which always refers to the consumer's behaviour as reported in literature and is summarised well by Busacca (2004),³² this latter concept indicates “the act expressing the customer's will in wishing to continue the relationship with the supplier” (Cavallone 2000). This motivation may derive from factors linked to:

- performance;
- emotion (linked to the situation/moment);
- excitement (linked to the sensations experienced);
- play (linked to the pleasure of play; Holt 1995).

The involvement may be spontaneous if the customer moves autonomously with regard to the products offered to guarantee the supply of the same for himself, or incited if it is the result of marketing activity by the company. This incitement may be the result of a promotional campaign or an awareness raising activity by means of direct marketing, meetings with opinion leaders or elements belonging to the reference group. In this case, the company implements relational marketing activities, customising the relationship so as to strengthen the consumer's positive perception and generate involvement.

The centrality of reciprocal involvement for establishing long-lasting relationships between suppliers and customers has been confirmed in various works (Tassinari 2003; Collesei 2006). Tassinari (2003), for example, points out that a consumer's total involvement (*commitment*) is a necessary condition for achieving true loyalty and the only one able to make the consumer less vulnerable to competitors' marketing actions. If such a component is lacking, at most repurchase may occur and fake loyalty (understood as being the product of inertia).³³ Wang (2014)

³²After the reference to the pioneering studies of Krugman in the period 1965–1967, Busacca (2004) refers to the following as being fundamental for involvement: (A) the importance attributed to the product and/or to a specific brand; (B) the degree of risk perceived; (C) the social visibility of the product; (D) the context of use of the product and he concludes by affirming that “as the level of psychological involvement grows so the buying effort that the consumer is willing to make also increases”.

³³Furthermore, Tassinari states that loyalty is determined by three causes: satisfaction, customer motivation, the ability of the subject to develop an elaborate evaluative process of the brand.

defines it as *inner commitment*, that is the involvement which through experientiality, affection and symbolism is able to lead the customer beyond the mere repurchase to behavioural loyalty. In fact, only the presence of mental loyalty complementing the behavioural one (which is also activated in the case of repurchase) allows the customer's attention towards competitors' offers to become selective or practically inexistent (Bona and Costabile 2004).

To encourage involvement, the company must, in particular, exert leverage on the emotional dimension of the relationship which, if missing, makes the communications, the individual offers and the techniques based on the use of database of little worth.³⁴

From this the importance of the relationship can also be deduced, the second element leading to customer loyalty. The relationship is linked to contact with the customer and to care (to be concerned about, to take care of) deriving from the Latin verb *curare* (with the same meaning),³⁵ which in marketing is used to refer to the attention that must be given to the customer especially after the buying phase. From the author's point of view, it concerns a concrete and real interest in handling the relationship, regardless of the awareness of the economic aspects linked to the synallagmatic relationship deriving from the continued rapport with the customer.

By means of a stable and lasting relationship, a relational capital and trust are accumulated creating a bond that goes beyond the instantaneous expediency determining the repurchase (Fournier 1998; Busacca and Castaldo 2002). As the relationship progresses, the fields of company-consumer interaction extend and the interdependency of the partners adds emotional values to the stock of trust accumulated in the previous stages.

Various studies can be found in literature concerning the different degrees of loyalty expressed by customers over time.³⁶ Amongst them, Christopher et al. (2013), see each level of the relationship correspond with a certain level of loyalty

³⁴This may for example be obtained by applying experiential marketing approaches (Collesei 2006; Ferraresi and Schmitt 2006; Wang 2014).

³⁵One of the ways that the Ancient Romans ended their missives was *cura ut valeas* literally meaning "keep well", "take care of yourself" linked to "concern" in a positive sense (as a wish) about the future health/status of the person.

³⁶Various authors have tried to define the stages marking the relationship between company and customer. The study by Dwyer et al. (1987) describes five phases of the relationship: the first is that of *awareness*, followed by the phase of exploration, in which the buyer develops an avenue of learning by trial and error; the third phase is the one of expansion in which the interdependence between buyer and seller tends to develop and, consequently, also the lock-in increases for the parties in the relationship; the fourth phase is that of *commitment*, during which the buyer remains anchored to the choices that he has made, although he is aware of the opportunities available on the market; the final phase is the one defined as the dissolution of the relationship which presupposes the withdrawal of at least one of the two parties concerned and which may occur in all the phases previously examined, even if, as the relationship evolves, the dissolution tends to become more costly in view of the idiosyncratic investments made by both parties.

As an integration of this model, Wilson (1995) provides an interpretive contribution in which he highlights and isolates the relevant variables in each of the phases of the life cycle of the relationship, in the direction of a systematisation of the correlations existing between specific

and have identified six relationship profiles: *prospectus*, *purchaser*, *client*, *supporter*, *advocate* and *partner*. According to the authors, the aim of the company is to make the relationship evolve with its own *prospectus* (individuals who are potentially interested) up to the highest level of involvement and loyalty.

Like involvement, also the continuation of the relationship over time may depend on the spontaneous will of the customer who takes active moves or can be encouraged by precise measures on the part of the company. The main vector of these attitudes is, without doubt, communication which, by adding dynamism to them, transforms the concept of relationship into relational marketing. Jackson refers to “a marketing directed at strong, lasting relationships with individual customers” (Egan and Harker 2005, p. 238).

In the author’s opinion, the relationship concept should be understood according to two lines: the first is “static” and the relationship between the company and the customer is linked to maintaining an on-going commercial relationship, which, for the very reason that it is in progress, leads to the continuity of the existing relationship; the second is “dynamic” represented by the set of actions undertaken in order to maintain an active and lively relationship with the customer over time. In this case, the customers of the same company maintain relations with each other which lead, as stated by Costabile et al. (2004), to the so-called *brand community* where interaction with the customer is the fulcrum of the whole marketing process (Bonnemaizon et al. 2007).

At this point, reference to tribal marketing and its current development and evolution seems appropriate here. This approach begins with the realisation that excessive social fragmentation has led in recent years to a growing need for new social bonds, for new tribes, in other words micro groups consisting of heterogeneous individuals (by their age, sex and income) who are united by the sharing of a passion, a subjectivity or an emotion (Cova 2003; Cova and White 2010; Canniford 2011). The consequence is that tribal marketing sets out to be a strategy for encouraging the birth and growth of a community around a product or service to create a value that lies in the bond itself between the members of such a group.

(Footnote 36 continued)

instrumental variables and consequences in the individual phases. In particular, the author highlights the existence of five moments:

1. seeking and selecting the supplier-partner: reputation, satisfaction and trust;
2. definition of the setting of the relationship: element of trust, convergence between the objectives of the parties so as to encourage the integration and common purpose of the respective competences;
3. definition of the boundaries of the interaction: in the face of reciprocal undertakings and *commitment*, the counterparts study the real opportunities for interaction and co-development in the light of the awareness of the reciprocal resources involved in the relationship;
4. value creation: dependency, power and influence that characterise the relationship between the two parties in question;
5. maintenance: moment of stability in which the dimension of the involvement and the cooperation between the parties assume importance.

On this matter, CRM (Customer Relationship Management) proves itself to be a tool that acts as a good catalyser of the theoretical and behavioural efforts made by the company on the subject of relational marketing. As far as this last point is concerned, it should be pointed out that CRM adds value to the company's relational activity and, on a level of customer loyalty, this instrument expresses its effectiveness and full potential as a means in particular for delighting the customer and making him enthusiastic about the buying experience (Kotler 2006). In this case, use of CRM is not only aimed at encouraging behavioural loyalty on the part of the consumer over time, but also to arouse his mental and emotional loyalty that are expressed by a total involvement in developing loyalty that goes beyond the simple product (Pratesi and Mattia 2006).

From this perspective, apart from the usual activities of customer profiling and classification (Castaldo and Mauri 2002), a third stage assumes fundamental importance, that of creating an interaction with the priority targets leading to the *learning relationship*, in other words the process that enables the company and customers to get to know each other (Peppers et al. 1999; Pratesi and Mattia 2006; Pine et al. 2010). In other words, CRM, understood as an instrument of customer loyalty, does not limit itself just to collecting information about its customers and sending them messages, but it generates circular learning processes and reciprocal involvement. In brief, the relevance of CRM as a driver of customer loyalty is based on two considerations: on one side, it enables the company to enter into real harmony with the customer and to understand (and anticipate) his requirements (Fabris 2003); on the other, it allows *one-to-one* answers to be implemented that arouse the customer's involvement and, as a consequence, his loyalty (Kotler 2006). Whoever receives a customised service or product has little propensity to abandon the supplier as it would take too long to inform another supplier of his requirements and, in the same way, it would take the other supplier too long to get to know that customer (Pratesi and Mattia 2006). As well as the traditional relational instruments, CRM adopts new means/methods of on-line contact that enable a more consistent and closer interaction to be undertaken with the customers.³⁷

³⁷These tools include:

- *Usability of the website*: it means increasing the ease with which the website can be surfed even by non-expert users.
- *Useful information for the customer-user*: buying and payment conditions; terms of delivery; rights and duties of the buyer; actions and advice.
- *E-mail*: it represents “the customers’ voice” par excellence, insofar as it allows them to contact the company directly and express an opinion or a complaint or ask for further information or advice.
- *Newsgroup*: these are comparable to forums in which the customer can interact with an operator and/or with other customers, thus guaranteeing an enormous resource of technical advice and assistance.
- *Newsletter*: this newsletter is distributed by the company every so often by email to its customers registered on the database and it allows a close and effective relationship to be maintained without appearing invasive.

| Frequency of the contacts between company and customer | | |
|---|------|--|
| Level of satisfaction | High | |
| | Low | |
| | High | The performance perceived from the supplying company is convincing, the relationship between the parties is still in the start up phase. |
| | Low | The customer is not satisfied, he tries to avoid contact with the company and limits himself only to that which is necessary, close to unplugging. |
| Consolidated and loyal customer | | |
| Customer by inertia/habit and/or preconditions for <i>detention</i> | | |

Fig. 2.3 Frequency of the contacts/level of satisfaction (drawn up by the author)

It goes without saying that a long lasting relationship with the customer is founded on the customer’s satisfaction with regard to the *delivered mix*,³⁸ as illustrated in the matrix “Frequency of contacts/level of satisfaction” shown in Fig. 2.3. This implies moving from a “zero defect” perspective to a “zero defection” one, on the basis of which the company must pinpoint, as each circumstance arises, the improvements in the perceived quality that are able to provoke increased consumer satisfaction, intensity and continuity of the purchases, trust and price tolerance (Fabris 2003).

The management by the individual company of the factors mentioned, relationship—involvement—satisfaction with regard to the *delivered mix*, should take place with different levels of intensity for the individual customers according to the expected level of profitability in the long term: the objective is to establish the most suitable relationship on an ad hoc basis (Kotler 2006). Based on research involving 16,000 consumers, Relnartz and Kumar (2002), for example, state the need for an analysis combining both the loyalty and the profitability of the consumer as the two

(Footnote 37 continued)

- *FAQs* (Frequently Asked Questions): this involves publishing customers’ most commonly asked questions on the website together with the answers with the advantage of preventing customers from having to hold the line for a long time waiting for an answer or having to make contact by email.
- *Chat*: it is a “room” for communication between the company and its customers that can provide rapid technical assistance, reduced handling costs and solutions to problems shared by several customers.
- *Blog* (abbreviation for *weblog*, literally “a page published on the web”): it represents an instrument for providing suggestions, solving practical problems, receiving feedback and modifying the perception that the market has of a certain product or of the company in general. Blogs allow anyone to express their own point of view and at the same time they create a phenomenon of interaction between customers and the company, going beyond cold and formalised relationships and involving a highly personal component.

³⁸McNary (2005) states the ways for converting satisfaction into loyalty: the fundamental element for building *customer loyalty* consists in strengthening the relationship not only by means of a very high level of satisfaction, but by delighting the customers. On this matter see also George and Stanton (2005).

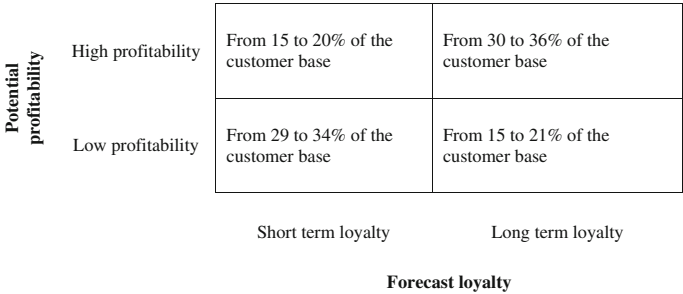


Fig. 2.4 The potential profitability/forecast loyalty matrix (adapted from Rehnartz and Kumar 2002)

factors are not always interrelated.³⁹ Four macro-categories derive from this, each of which requires different levels of investment in activities targeting customer loyalty (Rehnartz and Kumar 2002). Having established the level of investment for each cluster, the company is required to identify a series of drivers on which action must be taken to encourage and maximise the level of its customers' loyalty: as the customers' loyalty increases, so the customers' profitability increases as loyal customers tend to increase the quantity and frequency of their purchases, they are more willing to buy other products from the company, it costs less to serve them, they often agree to pay a price premium and, due to their positive word of mouth, they facilitate the acquisition of new customers (Collesei 2006) (Fig. 2.4).

Furthermore, it is evident that the intensity of the company's efforts as well as its proactive or passive approach have a significant influence on the time required to complete the customer loyalty process, as summarised in Fig. 2.5. The most advantageous situation for the company occurs in the presence of proactive behaviour combined with a shorter duration of the customer loyalty process: this is possible for the areas of excellence constituting the company's strong points. On the contrary, if the company acts passively and without encouraging the consumer, conquering the customer's loyalty appears arduous and almost impossible in the short term. The absence of a proactive approach in terms of relationship and involvement on the part of the company implies prolonging the process of customer loyalty, even if the *delivered mix* is coherent with the consumer's expectations. Finally, a proactive approach by the company which produces the required result only in the long term should be considered as less than optimum, as the efficacy of

³⁹An analysis of two cases performed in 2002 in the travel sector attempted to establish whether the levels of satisfaction and loyalty for the same service are different as a result of the customer choosing the on-line or off-line method. It emerged that, while the level of *customer satisfaction* for a service chosen on-line is the same as that chosen off-line, loyalty towards the provider of the service is higher when the service is chosen on-line. Furthermore, a closer relationship was highlighted between general satisfaction and loyalty in the case of on-line interaction. These results suggest that, contrary to popular belief, the on-line means can help companies to build a base of loyal customers. On this matter see Venkatesh et al. (2002).

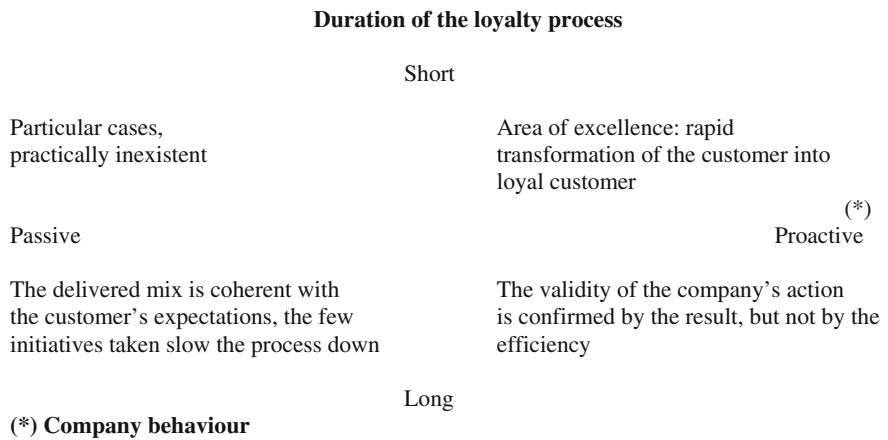


Fig. 2.5 Duration of the customer loyalty process/company behaviour (drawn up by the author)

the company’s action is not accompanied by the equivalent effectiveness, leading to a waste of resources.

At this point, one concept that leads back to the question of customer loyalty in economic terms for the company should not be forgotten: the so-called *customer equity*. Starting from the concepts presented by Rust et al. (2004) and according to a very recent study by Chang et al. (2014), *customer equity* may be defined as the discounted total of the *lifetime value* of all the company’s customers (Rust et al. 2010) and is divided into:

- *value equity* which reflects the consumers’ opinions concerning the credibility, quality and marketability of the company’s products or services;
- *brand equity* which refers to the customers’ ratings and preferences regarding the brand image;
- *relationship equity* which represents the value generated by the relationship between the customer and the company;
- *social network equity* which represents the value created by the virtual or real social networks in which the individual is positioned.

Customer equity, therefore, generates the value of the company that can be calculated by means of the *customer lifetime value*, in other words the discounted flow of profits that the clientele could provide over the duration of the business relationship; consequently, the total *customer equity* of the clientele is calculated by the sum of the value of all the company’s current active customers (Rust et al. 2000; Cozzi and Ferrero 2004⁴⁰; Rust et al. 2010). Finally, consideration must be given to

⁴⁰Cozzi and Ferrero (2004, pp. 244–245) state that *customer equity* “is conditioned by: the duration of the relationship, the customer’s characteristics, the possibility of increasing the purchases, the costs of customer management and loyalty, the discounting rate applied. [Furthermore they state] it is the concept of *retention equity* as represented by the bonds established between the

the concept of *customer-based view* reported by Valdani and Busacca (1999, 2001) who underline how the value of the company is a function of its customers' value and of the relationships established with them, the breadth and quality of which impact on *customer satisfaction*, which, in its turn is a function of the ratio between the value offered and the value desired. The value offered, again according to the two authors referred to previously, depends on the resources, the know-how and the ability to collect financial resources on the basis of guarantees provided to financiers.

2.3 The Analysis of Customer Performance

Obtaining the loyalty of one's customers is a prestigious result and presents many advantages of an economic nature (suffice it to think of the possibility of moving closer to the break-even point) and marketing benefits (such as awareness, profitability, competitive position). In the author's opinion, once customer loyalty has been achieved, the company is required to take one further step by pinpointing new avenues enabling a further stage to be reached beyond customer loyalty itself. Before verifying later on in the book the possibility of achieving customer loyalty by supplying a product/service offered as introduced by TES marketing, here below some analyses and considerations are reported that wish to enable managers to take decisions linked to the clientele. These new guidelines may be classified in two categories (Cavallone 2000):

- the additional "beyond" which requires an analysis of what the company can/must add and/or strengthen in its performance to increase customer loyalty;
- the explorative "beyond" which deals with identifying other components that differ from those strictly referred to the customer for the purpose of pinpointing new potential and leverage that can increase the probabilities of success.

2.3.1 *Analysis of the Performance on the Customer*

The expression "performance *on the* customer" involves spotting the reasons why the customer preferred the company's product/service instead of the competitors' offers. The preposition "*on*" here refers to the set of skills put in place by the company to create an offer that is as close as possible to the one expected/wished for by the customer, in other words its performance capacity with regard to (*on*) the customer. By means of an in-depth analysis, it concerns highlighting the key buying

(Footnote 40 continued)

buyer and the company that contribute towards retaining brand loyalty regardless of the objective and subjective assessments of the differential benefit offered".

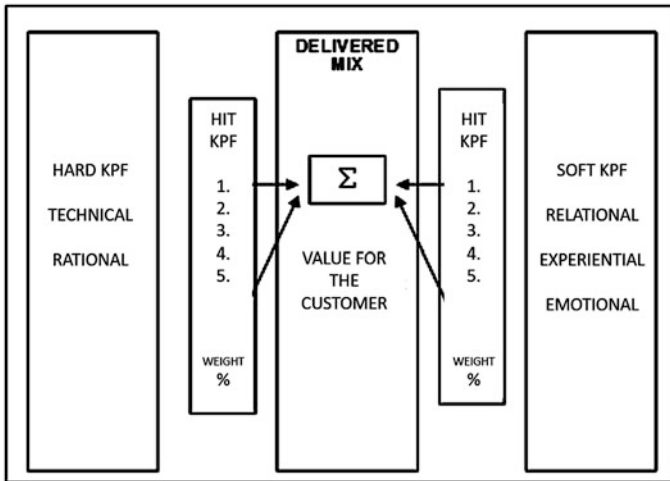


Fig. 2.6 Performance on the customer: constitutive reference model (drawn up by the author)

factors (KBF) described by Olson and Reynolds (1983, 2001) as “attributes” which have determined the consumer’s choice. The references found in literature and reported in the previous chapter⁴¹ are, therefore, prerequisites for such a phase.

To be able to define the fundamental elements leading to the decision to buy, it is first necessary to distinguish two macro-categories of key purchasing factors,⁴² the “**Hard**” ones (technical or performance related), referring to the rational part of the decision linked to the performance capacity of the product or the service and the “**Soft**” ones relating to the relational, emotional⁴³ and experiential⁴⁴ aspects (Fig. 2.6).

⁴¹Reference should be made to the subjects of buying and value creation for the customer.

⁴²Olson and Reynolds suggest the difference between concrete attributes that are mainly unidimensional, objectively measurable and connected directly to the intrinsic characteristics of the product and abstract attributes that are mainly multi-dimensional, not objectively measurable and independent of the physical characteristics of the product.

⁴³The emotional aspect concerns the set of strategies that aim to pursue the deep involvement of the consumer (Ferrari 2014). As defined by Kotler (2010), it considers those messages directed at the heart, in other words at the client’s emotions and plays an important role both in the buying decisions and in determining the brand value on the market.

⁴⁴In accordance with Addis (2007), by experiential aspect reference is made to the set of strategies targeted at creating the emotions the company wishes the consumer to experience, in line with its profile and the position of the brand. The experience must include all the key factors for transferring value for the customer and the fundamental drivers for creating a lasting relationship with him, but at the same time, it must show itself to be indissoluble, so that the single elements cannot be easily pinpointed or separable (Addis 2007).

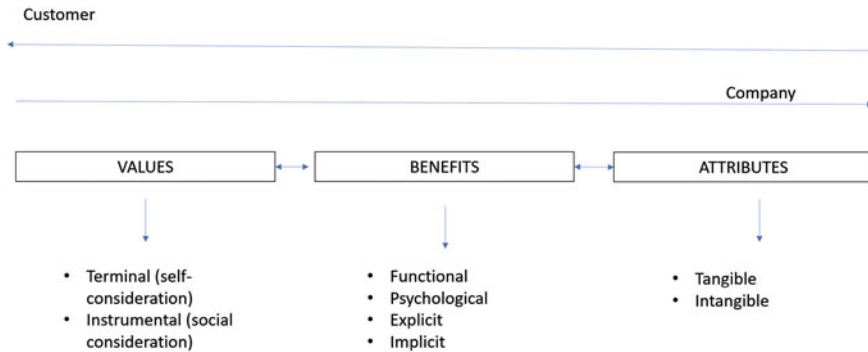


Fig. 2.7 The means-end chain (elaborated from Busacca 2004, p. 95)

The definition of key purchasing factors is to be understood here according to two vectors. The first, as reported by Cozzi and Molinari (1990), considers three types of aspects, each a prerequisite of the previous one:

- the attributes of the product;
- the benefits that the consumer can draw from such attributes;
- the individual values reflecting the objectives pursued by the consumer both on a level of behaviour and social consideration as well as self-esteem and existential conditions.

The second vector is linked to the declension of the key purchasing factors into basic, expected, desired and unexpected attributes indicated by Valdani (1995) and which always refer to the logical organisations leading to the decision process. In order to display the afore-mentioned concepts, the interpretation reported by Busacca in his work of 2004 concerning the means—end chain⁴⁵ is given (Fig. 2.7).

Bearing in mind these two clarifications regarding attributes and in relation to the means—end chain, it can be stated that the consumer's choice may be seen as a function of the sum of rational/technical key buying factors and the relational ones that generate the experience before, during and after the actual purchase act.

The specific importance of the two groups of factors varies in its composition and over time; furthermore, it depends on the commodity involved, as well as the type of consumer and the offers of the moment. In particular, during the customer loyalty phase and even more so during the processes enabling the extra step beyond loyalty to be taken, adequate performance is considered to have been achieved (or can be verified again more easily and quickly) with regard to the technical key

⁴⁵The so-called *means-end chain* was introduced by Zeithaml in 1988 and then developed by scholars such as Olson and Reynolds (1983, 2001, pp. 10–11) who defined it as “a conceptual framework for understanding how consumers use choice criteria in the decision process and a methodology for identifying those factors” and “the means-end approach can identify what choice criteria are used by consumers to evaluate and select among choice alternatives”.

buying factors typical of the buying moment and repurchase, while the “Soft” key buying factors (relational, experiential and emotional) linked more closely to the specific and contingent buying moment acquire growing importance. In fact, with these factors, the consumer’s involvement⁴⁶ can be increased and his trust can be obtained.

As shown in Fig. 2.6, on the basis of its specific qualities and phase of the customer loyalty process, each company pinpoints upstream by means of suitable market research (including direct interviews or focus groups) a first set of technical and relational KBF on which to establish its basic offer linked to the marketing mix. Later, but in any case prior to *delivery*, the company personalises and updates such a set of attributes by customising it. This may occur, for example, by means of *multivoting*⁴⁷ procedures that lead to the creation of two narrowed down lists containing the fundamental KBF that are then combined, with different specific importance, in the *delivered mix* that is provided to the customer.

Alternatively, to measure the relative importance of such factors, use is often made of *conjoint analysis*⁴⁸ which, according to Molteni and Troilo (2003), consists of five phases:

- pinpointing the important attributes/levels;
- prearrangement of the offer profiles to be submitted to the interviewees’ judgement;
- field interviews;
- processing of the information and pinpointing the segments by means of *cluster analysis*;
- simulation of the shares of preference on an aggregate level and per *cluster*.

The two lists given below show some examples of KBF belonging to the two groups, technical-rational and relational-emotional-experiential as referred to previously:

Technical-rational key buying factors

After sales service
 Product assortment
 Quality certification
 Clarity of the offer
 Competence of the contact person

⁴⁶On this matter, see the previous chapter under the heading “involvement”.

⁴⁷According to the author’s approach, the *multivoting* procedure allows a good level of meaningfulness accompanied by a relative simplicity of implementation. In literature, the four most well-known methodologies for defining choice criteria linked to attributes or key purchasing factors refer to conjunctive, disjunctive and lexicographic procedures and to those suggested by Fishbein (1975) which can be used as an alternative to the *multivoting* one mentioned here.

⁴⁸This technique has lately taken great steps forward thanks to the work of Voeth et al. (2013) who, in their study validated the possibility of pinpointing the structure in order to examine consumers’ *insights* even more deeply and create customised products in line with today’s market requirements and the needs of individual buyers.

Terms of payment
Continuity of performance
Convenience
Concessions
Physical availability
Arrangement/layout
Flexibility of the conditions
Guarantee
Hygiene and cleanliness of the premises
Technical information
Innovation of the offer
Merchandising
Opening times
Tidiness of the goods/of the premises
General organisation
Parking facilities
Precision of the replies
Price
Promises kept
Offers
Quality of the service⁴⁹
Payment by instalments
Discounts
Accessory services
Specialisation
Structures
Location
Speed of the reply/supply.

Relational-emotional-experiential key buying factors

Listening to the customers
After sales assistance (for services)
Attention to social matters
In-house climate
Collaboration with the customer
Consideration received
Friendliness
Courtesy
Willingness
Emotions
Trust
Kindness

⁴⁹When it is measured using investigative tools (e.g., SERVQUAL).

Image of the company/product

Brand recognition

Perceptions

Customisation

Quality of the service⁵⁰

Awareness of needs

Sensoriality

Understanding

No opportunism

Respect for commitments.

Once the various factors have been subjected to *multivoting* (or following the approach suggested by the *conjoint analysis*), the company reinforces the elements that emerged as all-decisive. By focusing on the dynamic competitive advantages⁵¹ linked to such elements, a differential can be created compared with the competitors which leads to development and current and future success or, at times, just survival. In other words, it involves increasing the awareness of what the customer really appreciates compared with what is supplied by refining one's sense of perception.

Performance on the customer can be targeted by analysing the data obtained from qualitative research carried out by means of questionnaires drawn up and administered to a significant sample of customers representing the population concerned. Key referents for this type of research may also be opinion leaders who can intervene in small groups (focus groups) or individually. The data obtained may then be compared with in-house surveys self-assessing the performance provided. By means of this procedure, interesting gaps can be revealed that can be used as the starting point for modifying the performance over time in order to maximise customer loyalty.⁵²

2.3.2 Analysis of the Performance by the Customer

As described above, the analysis of the performance *on the* customer helps the company to clarify the reasons, the elements and the attributes for which it has been chosen. This first phase of the in-house analysis is fundamental in order to understand the experiences behind the customers' choices in the light of the

⁵⁰Understood here as the perception of the ratio between what is expected and what is received.

⁵¹Reference is made to the concept of "dynamic advantage" (Teece et al. 1997; Schilke 2014) and *rolling competitive advantage* (Cavallone 1990), in other words the firm's ability to create differential and dynamic/continuative competitive advantages in order to maintain a concrete distance between the firm's own position and that of the competition.

⁵²In accordance with the provisions of the SERVQUAL model by Parasuraman et al. (1985) and subsequent processing by Valdani and Busacca (1992), these gaps are referable to five categories: value gap, concordance gap perception gap, alignment and involvement gap, design and/or manufacture gap.

| | TECHNICAL FACTORS | | | | | PERSONAL FACTORS | | | | | S P | TOTAL | |
|---------------|--------------------------------------|----------------|-----------|---------------------|-------------|------------------|--------------------|------------|---------------------|-------|-------------------|-----------------|--------------------------|
| | Initial ranking of the customers (A) | Sales volume € | Potential | Contribution margin | Competition | Sector | Technical subtotal | Assistance | Human relationships | Speed | Personal subtotal | (add ST and SP) | Final actual ranking (B) |
| 1. Bleetech | | 10 | 6 | 3 | 4 | 6 | 29 | 5 | 4 | 2 | 11 | 40 | 1. J.F.W. |
| 2. K & G | | 10 | 8 | 6 | 8 | 4 | 36 | 5 | 6 | 2 | 13 | 49 | 2. West Corp |
| 3. West Corp | | 9 | 6 | 6 | 10 | 8 | 43 | 6 | 3 | 6 | 15 | 58 | 3. Maxi Press |
| 4. Toomy's | | 8 | 4 | 4 | 6 | 7 | 29 | 10 | 2 | 4 | 16 | 45 | 4. Rooding |
| 5. J.F.W. | | 8 | 10 | 8 | 7 | 8 | 41 | 7 | 5 | 7 | 19 | 60 | 5. T.R.Trade |
| 6. Rooding | | 8 | 9 | 8 | 0 | 3 | 28 | 6 | 7 | 10 | 23 | 51 | 6. New BC |
| 7. Pro-Diesel | | 7 | 7 | 6 | 2 | 5 | 27 | 5 | 5 | 7 | 17 | 44 | 7. K & G |
| 8. T.R.Trade | | 7 | 6 | 8 | 6 | 6 | 33 | 5 | 7 | 5 | 17 | 50 | 8. Toomy's |
| 9. Maxi Press | | 7 | 8 | 10 | 4 | 2 | 31 | 7 | 10 | 8 | 25 | 56 | 9. Pro-Diesel |
| 10. New BC | | 6 | 8 | 10 | 6 | 4 | 34 | 3 | 5 | 7 | 15 | 49 | 10. Bleetech |

Fig. 2.8 The loyalty matrix (drawn up by the author)

company's own marketing proposals and the study of the gaps referred to before highlights any variances between what has been planned and what has been received, again on the basis of reciprocal perceptions.

At this point, it is relevant to check the second component linked to the bi-directional disaggregation of the performance. In fact, together with the analysis of the performance *on the customer* and, in particular, of the key purchasing factors on which the competitive comparison is based, the company performs a second disaggregation which concerns the performance *of the customer*, in other words how much the customer yields overall to the supplying company, in the individual contract or in the marketing relationship. It represents a sort of balance sheet which allows the contribution of each individual customer to be assessed, analysing his overall contribution to the company by means of a list of indicators enabling a comparison to be made of the various performances of the clientele in the portfolio. The clientele is assessed by the contribution of each single technical and relational element over and above summary indicators concerning the number of items purchased or the so-called *Customer Lifetime Value* (CLV).⁵³ The customer performance analysis can be shown by means of the loyalty matrix represented in Fig. 2.8.

⁵³Various revisions of the definitions of *customer lifetime value* are presented in the works of Hwang et al. (2004) and Estrella-Ramón et al. (2013).

Table 2.1 A list of the technical and relational factors (drawn up by the author)

| <u>Technical factors</u> | <u>Personal factors</u> |
|--------------------------|-------------------------|
| Competition | Assistance |
| Cross-selling | Management difficulties |
| Dimensions | Speed requested |
| Turnover | Interpersonal relations |
| Margins | |
| Policies | |
| Potential | |
| Specific sector | |
| Solvency | |

The construction of the loyalty matrix begins with the identification of the company’s main customers and their classification according to an order of importance as perceived by the compiler of the ranking.

This first method appears to be a rather narrow approach insofar as it normally considers the clientele according to only one variable, often the turnover, but does not consider a series of other relevant technical and personal factors and leads to a rather short-sighted view of the performance.

The loyalty matrix offers a holistic approach to the analysis of the customer performance also taking into consideration the technical and personal–relational variables such as those referred to in Table 2.1, for example.

The number of technical and personal factors considered, as well as the importance attributed to them, depend on the specific sensitivity of the company, on the level of investigation required, on the type of competition and so on and, in any case, the choice of factors, their number, importance and order highlight the company’s strategy of valuation, in other words the performance expectations.

For each of the two categories, a limited number of what are considered to be more relevant factors is selected insofar as they represent the company’s strategic choices; the sum of the factors identified may, in fact, be considered as a summary of the company’s strategy of valuation. For each of the factors identified, the customer performance must then be assessed, attributing a score from one to ten each time. The final valuation of the customer is obtained by adding together the performances recorded for each of the factors considered: in this way a new customer “importance” ranking is obtained which often differs from what has emerged from the analysis of the turnover alone.

An element of clear added value when referring to the second customer ranking method is linked to the awareness acquired when evaluating one’s own portfolio of customers. It goes without saying that every company is fully aware of the hierarchical importance of its own customers when such an evaluation is based solely on the contribution in terms of turnover; a simple ABC analysis provides an immediate method for assessing such a level of awareness. An advantage offered by

using the loyalty matrix is that of discovering the true composition of one's portfolio of customers in terms of created value and of considering each customer on the basis of their real and tangible contribution. It also allows tactics and strategies to be adapted to the customer, based on a mix of weighted elements and not only on the volume generated.

An example may help to clarify these concepts. If for a company the value/importance of the profitability/marginality is of great significance, especially if accompanied by solvency and confirmed by the preference of customers who fulfil their contractual obligations within a short time, then these three elements may contribute towards changing the customer's "ranking" compared with another customer who brings a high sales revenue but is weak with regard to the three items mentioned above. This does not change the importance of a customer who generates high sales volumes, but reshapes his position because the company's strategies give preference to a type of customer who brings a lower turnover but offers a greater contribution and speed in credit recovery.

The matrix can be read in its entirety by adding together the data emerging from the technical factors and those from the personal factors and by attributing a single clientele rating or an individual one according to the priorities constituting the afore-mentioned company policies and tactics.

With this double description of the performance *on* and *of* the customer, the analysis of the first of the three elements leading beyond customer loyalty is concluded.

The final part of the model refers to the development of the company's business. The description provided up until now may have given the reader the impression that a specific ad hoc model has been designed for each single customer. If this may appear true on one side (the customer has been considered as the sole protagonist, worthy of all types of attention), it is important to recall the parallelism existing between such an attitude and the product design phase and the setting of marketing strategies. On this matter, suffice it to consider the prototype phase in which the designers' ideas must find the right *fit* to suit the customers' expectations. Another example concerns the sector of highly complex industrial goods in which the design phase is almost always carried out by a team consisting of customers and suppliers, or the sector of luxury goods which are characterised by a high level of customisation.

In the following pages, attention will be given to the development of the business and, although the previously described logic will be maintained, a multiplier effect will be introduced in order to confer important volumes on the company that enable economies of scale to be achieved as well as profitability and important competitive positions.

The path follows four sequential moments:

1. loyalty and enchantment
2. customer penetration
3. clusterization and customerization
4. penetration on the *target cluster*.

2.4 Four Ways of Developing Customer Loyalty

2.4.1 *Loyalty and Enchantment*

Bearing in mind the transitory nature of the situation, this first moment wishes to confirm and bring to fruition the efforts described previously in order to make the customer loyal, given the fickleness of the offers put forward by the competition and the consumers' tendency to be disloyal.

The term enchantment is understood as a process that increases the loyalty of an already loyal and active customer who is confirmed as such for example in consultancy activities with continuative or occasional project-related dealings that are undertaken according to the value of the new offer and the ability to highlight new opportunities for partnership.

The enchantment referred to may be understood as the confirmation of a prior purchase as well as the purchase of a further product or service from the company, again according to the logic previously mentioned. The first lever to be used in this regard is the one reported in the third part of the operative model "C-Beyond": the information-relationship matrix. During this phase of the relationship, it is essential to maintain a lively and active relationship using the most suitable vectors identified beforehand. This activity is subject to costs, including those for database management, for the study and implementation of communication and for contact with the customer who needs to be enchanted. To these must be added the costs for customising the offer in the event of demands that differ from the company's standard ones, as well as the costs incurred for modifying the company's own offers and conditions on the basis of the "fluctuating" ones of the competition which views the company's customers as his *prospects*. However, sustaining these costs represents the most appropriate and the cheapest route to be taken: as Whiteley stated (1992), in fact, "acquiring a new customer costs five times more than making an existing one loyal").

An example of loyalty and enchantment in the service sector refers to the on-line underwriting of civil liability insurance policies by means of the internet. To retain its clients, the company must send out messages periodically to remind them of the expiry date of the policies, updating its offer with new quotations for the vehicle insured and bearing in mind devaluations or modifications proposed by legislation, as well as demonstrating the worthwhileness (whether financial or not) of continuing the business relationship.

2.4.2 Customer Penetration

Client penetration is understood here as increasing the amounts purchased by the customer according to a typical definition in distribution⁵⁴: it concerns a *cross-selling*⁵⁵ action for the purpose of increasing the company's presence in the customer's shopping basket. Once the customer has confirmed his or her new choice for the product-service combination offered, the aim is to increase the share of products purchased. This operation should not be confused with simple customer loyalizing.

During this second phase of the process, three *intelligence* activities must be implemented with regard to the clientele:

1. verifying once again the exactness of the mix offered;
2. pinpointing new needs that are not catered for by the competition;
3. defining and proposing the new *delivered mix*.

This approach may be seen in the banking sector for example, when a credit institute offers a customer with a current account an *upgrading* of the same by offering a larger *delivered mix* which can be grafted onto the basic service offered. This can be done by complementing the ordinary operations offered (e.g., cheques, payment of bills by direct debit, cash card, credit cards) other accessories that increase the value of the *delivered mix* such as a "revolving" credit card which provides greater availability of funds linked to the automatic "topping up" of the money available over time, or a direct debit card or an App to use the services offered via a smartphone.

Increasing the customer's purchases denotes two positive outcomes: on one side, as a result of the penetration itself, the marginality of the relationship improves according to the logic typical of the *one stop shop* which means that while the number of customers remains the same, the volume achieved increases. The second positive note concerns the competition and, in fact, as the list of products purchased by the customer increases, a virtual (but effective) barrier is erected preventing the entrance of direct competitors who see the attractiveness of their offer diminish for the very reason that the customer penetration has enriched the initial product purchased by the *prospect*. A further example is given in this case by the world of mobile phones, in which the new performance linked to the speed of transmission, traffic management and ancillary services are more easily understood by someone

⁵⁴The penetration index consists of the share of sales achieved by the supplier to the clientele he serves in his commodity sector; in order to obtain the market share, this index must be multiplied by the weighted average, in other words by the market share of the distributors dealing with the products in question. For further insights, see Lugli and Pellegrini (2002).

⁵⁵By the term *cross-selling* reference is made to "the increase of the range of products sold" (Cozzi and Ferrero 2004, p. 172) to the customer; it must be distinguished from *up-selling* which refers to "increasing the market share with the customer" (Cozzi and Ferrero 2004, p. 172).

who has previously appreciated the type of relationship with his server and places a certain trust in the services offered which leads, as stated beforehand, to the creation of a barrier towards other brands.

2.4.3 *Clusterization and Customerization*

The third moment sees the often cited development of the business playing the lead role. Once the *delivered mix* has been approved by the customer (or by a first type of customer) it becomes a priority for the company to repeat such a model of success by identifying one or more clusters to which it can be offered. The specific aim in this phase is to identify other *prospects* who may appreciate the same *delivered mix*. On this matter, Mattiacci (2000), in his work on niche marketing, states that such an offer is directed “blatantly at fragmented preferences and requirements” which, according to the author, should be satisfied with the same commercial offer once they have been identified.

It is a sort of “industrialisation of the product/service” that is offered exactly as it is to customers who are similar or comparable due to their needs and requirements (e.g., desirability of the “military” sector for an insurance company: army, finance police, carabinieri corps, police force etc.) for which customisation means *fine tuning* the previous offer.

As stated before, this is the phase in which the number of customers grows. In order to achieve a greater level of cost-effectiveness, the company also follows the path leading to efficiency, optimising the costs of checking the process rather than checking development. When the segment identified becomes attractive numerically in assessments of market value, the customisation phase is undertaken by means of *fine tuning* activities linked to the identification of specific needs and, consequently, to the *delivered mix* to be offered.

2.4.4 *Target Cluster Penetration*

The activity performed in the fourth stage is a repetition of what was carried out in the second stage: once the cluster that appreciated the product–service combination identified in the third stage has been pinpointed, it is possible and also desirable to extend the new product–service offer by undertaking *cross-selling* activities, which in this phase are not performed on the individual customer, but on the cluster taken into consideration.

The effectiveness of the idea of repeating the model of success, as referred to previously, is confirmed here: the development of the business is organised uniformly as the type of customer who appreciated the first offer is easier to reach with a targeted communication during the expansion phase. Reference to tribal marketing (Cova 2003; Cova and White 2010; Canniford 2011) is appropriate as the

logic underpinning such a type of development is linked exactly to the founding elements supporting its theories: confirmation of the mix offered is extended, acquiring the status of witness as an active reference (Cavallone 2000) and extending the validity of the choice to its own cluster.

As proof of the statements made above and returning to the example of the bank account to which the “revolving” credit card has been added, if the bank has had confirmation of the first two phases from the sector of architects targeted, it may first extend the commercial offer to all the architects with which it has business dealings or which it knows about from its database. The bank may then integrate this process with a business development by means of a specific activity of direct marketing, once it has acquired information of the names of people belonging to the afore-said professional order. At the same time, the bank may also carry out research activities searching for targets with similar expectations: if, from the marketing analyses, it emerges that with a few modifications to the offer, the sector of surveyors could also be enticed by the mix offered, then the marketing action could be extended to include this cluster, having the forethought to first customise the offer as referred to previously.

Having examined all the building blocks, this concludes the analysis of the strategic action.

References

- Aaker DA (1991) Managing brand equity. Capitalizing on the value of a brand name. Free Press, New York
- Addis M, Ad uso e consumo (2007) Il marketing esperienziale per il manager (Experiential marketing for managers). Pearson Education, Milan
- Amos C, Holmes GR, Keneson WC (2014) A meta-analysis of consumer impulse buying. *J Retail Consum Serv* 21(2):86–97
- Bauer HH, Grether M, Leach M (2002) Customer relations through the internet. *J Relat Mark* 1 (2):39–55
- Bellucci A (2015) Strategia, gestione del rischio e creazione di valore nelle imprese assicurative, vol 33, (Strategy, risk management and value creation in insurance companies). G Giappichelli Editore Turin
- Blythe J, Cedrola E (2006) Fondamenti di marketing, (Basics of marketing). Prentice Hall, Milan
- Bona F, Costabile M (2004) Il marketing della base-clienti: la gestione delle relazioni di mercato in Omnitel, (The marketing of base-customers: market relationship management in Omnitel). In: Busacca B (a cura di), Marketing e creazione del valore. Egea, Milan
- Bonnemaizon A, Cova B, Louyot M (2007) Relationship marketing in 2015: a delphi approach. *Eur Mark J* 25(1):50–59
- Bowen JT, Chen SL (2001) The relationship between customer loyalty and customer satisfaction. *Int J Contemp Hosp Manage* 13(5):213–217
- Braganza A, Stebbings H, Ngosi T (2013) The case of customer recruitment processes: dynamic evolution of customer relationship management resource networks. *J Mark Manage* 29 (3/4):439–466
- Busacca AG (1998) Costruire la fedeltà del cliente. Come disegnare e realizzare un'efficace strategia di customer loyalty (Build customer loyalty. How to design and implement an effective strategy of customer loyalty). Il Sole 24 ore, Milan

- Busacca AG (2002) L'era del cliente (Customer's age). Il Sole 24 ore, Milan
- Busacca B (2004) Consumatore, concorrenza e valore. Una prospettiva di marketing (Consumer, competition and value. A marketing perspective). Egea, Milan
- Busacca B, Castaldo S (2002) La customer loyalty: definizione, misurazione e valore. In: Castaldo S, Mauri C (a cura di) Il loyalty management nella distribuzione moderna (The customer loyalty: definition, measurement and value). Egea, Milan, pp 3–49
- Bungey M (1997) USP's benefit still stands tall in noisy 1990s. Advertising Age 68(9):18
- Cacioppo J, Petty T, Richard E, Feinstein Jeffrey A, Jarvis BG (1996) Dispositional differences in cognitive motivation: the life and times of individuals' varying in need for cognition. Psychol Bull 119:197–253
- Canniford R (2011) How to manage consumer tribes. Journal of Strategic Marketing 19(7):591–606
- Castaldo S, Mauri M (2002) Il loyalty management nella distribuzione moderna, (Loyalty management in modern distribution). Egea, Milan
- Cavallone M (1990) Il marketing nel mondo dei servizi (Marketing in the service world). San Marco, Trescore Balneario (Bergamo)
- Cavallone M (2000) Oltre la fidelizzazione. Il marketing nell'era delle complessità (Beyond customer loyalty. Marketing in the age of complexity). Franco Angeli, Milan
- Ceccarelli P (2005) Un CRM a misura di azienda. (A CRM to company size) MERCATI E COMPETITIVITÀ. (Markets and competitiveness) Franco Angeli, Milan
- Chang H, Eunju K, Henrikki T, Phan MT, Aiello G, Donvito R, Raithel S (2014) Marketing mix and customer equity of SPA brands: cross-cultural perspectives. J Bus Res 67(10):2155–2163
- Choudhury MM, Harrigan P (2014) CRM to social CRM: the integration of new technologies into customer relationship management. J Strateg Mark 22(2):149–176
- Christopher M, Payne A, Ballantyne D (2013) Relationship marketing. Taylor & Francis
- Collesei U (2006) Marketing, 4th edn. Cedam, Padua
- Costabile M (2001) Il capitale relazionale: gestione delle relazioni e della customer loyalty (Relational capital: managing relationships and customer loyalty). Mc-Graw-Hill, Milan
- Costabile M, Raimondi MA, Miceli G (2004) Un modello dinamico di customer loyalty: evidenze empiriche da un'analisi intergruppo con modelli di equazioni strutturali, (A dynamic model of customer loyalty: empirical evidence from an analysis of structural equation models with Intergroup). Finanza, marketing e produzione, p 4
- Cova B (2003) Il marketing tribale, Legame, comunità, autenticità nel marketing mediterraneo (Il marketing tribale, Legame, comunità, autenticità nel marketing mediterraneo). Il Sole 24 Ore, Milan
- Cova B, White T (2010) Counter-brand and alter-brand communities: the impact of Web 2.0 on tribal marketing approaches. J Mark Manage 26(3–4):256–270
- Cozzi G, Molinari M (1990) L'immagine di marca. Come costruirla, come gestirla, come comunicarla, (The brand image. How to build it, how to manage it, how to communicate it). Economia e Diritto del Terziario, p 2
- Cozzi G, Ferrero G (2004) Principi ed aspetti evolutivi del marketing aziendale (Principles and evolutionary aspects of corporate marketing), Giappichelli, Turin
- Curry J, Meacci S (1999) Il customer marketing: identificare, acquisire, mantenere e sviluppare i clienti, (The customer marketing: identify, keep, maintain and develop accounts) Il Sole 24 Ore, Milan
- Dalli D, and Romani S (2000) Il comportamento del consumatore: teoria e applicazioni di marketing, (Consumer behaviour: theory and marketing applications). Franco Angeli, Milan
- De Mauro (2007) Dizionario della Lingua Italiana, (Dictionary of Italian language). Paravia (www.demauroparavia.it), Turin
- Dick AS, Basu K (1994) Customer loyalty: towards an integrated framework. J Acad Mark Sci 22:2
- Dwyer FR, Schurr PH, Oh S (1987) Developing buyer-seller relationship. J Mark 51(2):11–27
- East R, Harris P, Willson G, Hammond K (1995) Correlates of first-brand loyalty. J Mark Manage 11:5
- East R (2003) Comportamento del consumatore, (Consumer behaviour). Apogeo, Milan

- East R, Grandcolas U, Dall'Olmio Riley FD, Lomax W (2012) Reason for switching service providers. *Australas Mark J* 20(2):164–170
- East R, Wright M, Vanhuele M (2013) Consumer behaviour: applications in marketing, Sage
- Eggert A, and Ulaga W (2002) Customer perceived value: a substitute for satisfaction in business markets?. *J Bus Ind Mark* 17(2/3):107–118
- Egan J, Harker MJ (2005) Relationship marketing. Sage publications, London
- Ehrenberg ASC (1988) Repeat buying: theory and applications, 2nd edn. Charles Griffin & Co., London
- Engel JF, Blackwell RD, Miniard PW (1995) Consumer behavior. The Dryden Press, New York
- Estrella-Ramón AM, Sánchez-Pérez M, Swinnen G, VanHoof K (2013) A marketing view of the customer value: customer lifetime value and customer equity. *S Afr J Bus Manage* 44(4):47–64
- Fabris G (2003) Il nuovo consumatore: verso il postmoderno, (The new consumer: towards the postmodern). Franco Angeli, Milan
- Ferraresi M, Schmitt BH (2006) Marketing esperienziale: come sviluppare l'esperienza di consumo, (Experiential marketing: how to develop the consumer experience). Franco Angeli, Milan
- Ferrari T (2014) Comunicare l'impresa: realtà e trend polisensoriale-emozionale, (Communicate the enterprise: reality and sensory-emotional trends). Clueb Edizioni, Bologna
- Festinger LA (1957) A theory of cognitive dissonance. Harper & Row, New York
- Fiocca R (2005) Marketing, impresa e mercato, (Marketing, firm and market). McGraw-Hill, Milan
- Fishbein M, Ajzen I (1975) Belief, attitude, intention, and behavior: an introduction to theory and research, reading. Addison-Wesley, USA
- Fournier S (1998) Consumers and Their Brands: developing relationship theory in consumer research. *J Consum Res* 24(4):343–373
- George R, Stanton J (2005) Delightful customer service: 12 steps to a better bottom line. SLC Publishing, Sewell
- Grönroos C (1994) From marketing mix to relationship marketing: towards a paradigm shift in marketing. *Manag Decis* 32(2):4–20
- Grönroos C (2011) A service perspective on business relationship: the value creation, interaction and marketing interface. *Ind Mark Manage* 40(1):240–247
- Grönroos C, Helle P (2012) Return on relationships: conceptual understanding and measurement of mutual gains from relational business engagements. *J Bus Ind Mark* 27(5):344–359
- Guatri L, Vicari S, Fiocca R (1999) Marketing. McGraw-Hill Libri Italia, Milan
- Gummesson E (1999) Total relationship marketing: rethinking marketing management from 4Ps to 30Rs. Butterworth Heinemann, Oxford
- Gummesson E, Grönroos C (2012) The emergence of the new service marketing: Nordic School perspectives. *J Serv Manage* 23(4):479–497
- Harker MJ, Egan J (2006) The past, present and future of relationship marketing. *J Mark Manag* 22(1–2):215–242
- Hawkins K, Vel P (2013) Attitudinal loyalty, behavioural loyalty and social media: an introspection. *Mark Rev* 13(2):125–141
- Helfat CE, Winter SG (2011) Untangling dynamic and operational capabilities: strategy for the (n) everchanging world. *Strateg Manag J* 32(11):1243–1250
- Hennig-Thurau T, Klee A (1997) The impact of customer satisfaction and relationship quality on customer retention: a critical reassessment and model development. *Psychol Mark* 14(8), December 1997
- Herrmann A, Huber F, Braunstein C (2000) Market-driven product and service design: bridging the gap between customer needs, quality management, and customer satisfaction. *Int J Prod Econ* 66(1):77–96
- Hildebrand C (1996) “Customer satisfaction”, CIO Magazine, CIO Communications Inc., June 1996
- Hill N, Brierley J, MacDougall R (2003) How to measure customer satisfaction. Gower Publishing Limited, Hampshire

- Hitt MA, Keats BW, DeMarie SM (1998) Navigating in the new competitive landscape: building strategic flexibility and competitive advantage in the 21st century. *Acad Manage Executive* 12 (4), pp 22–42, Briarcliff Manor
- Holloway R (1991) The original customer service goals and strategies, presented at LCUC, November 1991
- Holt DB (1995) How consumers consume: a typology of consumption practices. *J Consum Res* 22 (1):1–16
- Hwang H, Jung T, Suh E (2004) An LTV model and customer segmentation based on customer value: a case study on the wireless telecommunication industry. *Expert Syst Appl* 26 (2):181–188
- Jacoby J, Olson JC (1970) An attitudinal model of brand loyalty: conceptual underpinnings and instrumentation research. *Purdue Papers in Consumer Psychology* 159:14–20
- Johnson MD, Gustafsson A (2003) Customer satisfaction: un sistema integrato di valutazione e gestione per incrementare la soddisfazione del cliente: la fedeltà e il profitto, (Customer satisfaction: a comprehensive system of assessment and management to increase customer satisfaction: loyalty and profit) Guerini e Associati, Milan
- Ketilson LH (1990) Marketing member commitment: potentials and pitfalls, cooperative organizations and canadian society. In: Fulton M (ed) *Popular Institutions and the Dilemmas of Change*. Toronto, University of Toronto
- Kotler P, Armstrong G (2006) *Principi di marketing, (Principles of marketing)* Undicesima edizione. Pearson Education, Milan
- Kotler P, Pfoertsch W (2010) *Ingredient branding: making the invisible visible*. Springer, Berlin
- Kotler P, Rackham N, Krishnaswamy S (2006) Ending the war between sales & marketing. *Harvard Bus Rev* 84(7–8):68–78, 187
- Kotler P, Kartajaya H, Setiawan I (2010) *Marketing 3.0: from products to customers to the human spirit*. John Wiley & Sons, New York
- Kumar V (2010) *Customer relationship management*. John Wiley & Sons, Ltd., New York
- Leone RP, Rao VR, Keller KL, Luo AM, McAlister L, Srivastava R (2006) Linking brand equity to customer equity. *J Serv Res* 9(2):125–138
- Levitt T (1983) After the sale is over. *Harvard Bus Rev* 61(1), Sept–Oct
- Lee R, Neale L (2012) Interactions and consequences of inertia and switching costs. *J Serv Mark* 26(5):365–374
- Li-Wei W (2011) Inertia: spurious loyalty or action loyalty? *Asia Pac Manage Rev* 16(1):31–50
- Lugli G, Pellegrini L (2002) *Marketing distributivo, (Distributive marketing)*. Utet, Torin
- Marino A (2006) *Marketing sistemico e valorizzazione esterna d'impresa, (Systemic marketing and external business enhancement)*. Cedam Padua
- Maslow AH (1954) *Motivation and personality*. Harper, New York
- Matthews DR, Son J, Watchravesringkan K (2014) An exploration of brand equity antecedents concerning brand loyalty: a cognitive, affective, and conative perspective. *J Bus Retail Manage Res* 9(1):26–39
- Mattiacci A (2000) *Il marketing strategico dei business di nicchia, (The strategic marketing of niche business)*. Cedam, Padua
- Mattiacci A (2003) *Il marketing consumer-based. Il modello della product offering, (The consumer-based marketing. The model of the product offering)*. Cedam, Padua
- McClelland DC (1993) *Some social consequences of achievement motivation*, Free press, New York
- McDonald S (1995) To close for comfort? The pitfalls of getting close to customer. *Calif Manage Rev*, Summer 1995
- McGuire WJ (1974) *Psychological Motives and Communication Gratification*. In: Blumler JG and Katz E (eds) *The uses of mass communications: current perspectives on gratifications research*
- McGuire WJ (1976) Some internal psychological factors influencing brand choice. *J Cons Res* 2 (March):302–319
- McNary G (2005) Turn customer satisfaction into loyalty. *Sell'ing* (maggio 2005)

- Metallo G, Marino V, Festa G (2002) Dal permission marketing al virtuous marketing: l'approccio sistemico alla fidelizzazione, (Permission marketing by the virtuous marketing: the systems approach to customer loyalty). *Esperienze d'impresa*, Università degli Studi di Salerno, p 1
- Molteni L, Troilo G (2003) *Ricerche di marketing*, (Marketing research). McGraw-Hill, Milan
- Murray HA (1938) *Explorations in personality*. Oxford University Press, New York
- Nitzan I, Libai B (2011) Social effects on customer retention. *J Mark* 75(6):24–38
- Olson JC, Reynolds TJ (1983) Understanding consumer's cognitive structures: implications for advertising and strategy. In: Percy L, Woodside A (eds) *Advertising and consumer psychology*, Lexington books, Lexington Mass
- Omarini A (2004) Le banche dalla parte del cliente. I programmi fedeltà nel rapporto banca-mercato, (Banks on the side of the customer. Loyalty programs in bank-market report). *Econ e Manag* 5:71–90
- Parasuraman A, Zeithaml VA, Berry LL (1985) A conceptual model of service quality and its implications for future research. *J Mark*, Autumn, pp. 41–50
- Peppers D, Rogers M (1999) *Enterprise one-to-one: tools for competing in the interactive age*, Doubleday, New York. In: Peppers D, Rogers M, Dorf B (ed) *Is your company ready for one-to-one marketing?*, Harvard Bus Rev 77(1):151–160
- Pine II, Peppers D, Rogers M (2010) *Do you want to keep your customers forever?*, Harvard Business School Press Books, p 1
- Porter ME (1990) *The competitive advantage of nations*. Free Press, New York
- Pratesi CA, Mattia G (2006) *Branding. Strategie, organizzazione, comunicazione e ricerca per la marca*, (Branding. Strategies, organization, communication and research for the brand). McGraw-Hill Companies, Milan
- Puccinelli NM, Goodstein RC, Grewal D, Price R, Raghubir P, Stewart D (2009) Customer experience management in retailing: understanding the buying process. *J Retail* 85(1):15–30
- Ranaweera C, Prabhu J (2003) The influence of satisfaction, trust and switching barriers on customer retention in a continuous purchasing setting. *Int J Serv Ind Manag* 14(4):374–395
- Reeves R (1961) *Reality in advertising*. Knopf, New York
- Reichheld FE, Sasser WE Jr (1990) Zero defection: quality comes to services. *Harvard Business Review* 68(5):105–111, Settembre-Ottobre
- Reinartz W, Kumar V (2002) The mismanagement of customer loyalty. *Harvard Bus Rev* 80(7):84–96
- Reynolds TJ, Olson JC (eds) (2001) *Understanding consumer decision making: the means-end approach to marketing and advertising strategy*. Psychology Press, Hove
- Robinson PJ, Faris CW, Wind Y (1967) *Industrial buying and creative marketing*, vol 184. Allyn & Bacon, Boston, MA
- Rust R, Zeithaml V, Lemon K (2000) *Driving customer equity: how customer lifetime value is reshaping corporate strategy*. The Free Press, New York
- Rust RT, Lemon KN, Zeithaml VA (2004) Return on marketing: using customer equity to focus marketing strategy. *J Mark* 68:109–127
- Rust R, Moorman C, Bhalla G (2010) Rethinking marketing. *Harvard Bus Rev* 88(1/2):94–101
- Schilke O (2014) On the contingent value of dynamic capabilities for competitive advantage: the nonlinear moderating effect of environmental dynamism. *Strateg Manag J* 35(2):179–203
- Schlesinger LA, Heskett JL (1991) The service-driven service company. *Harvard Bus Rev* 69(5), September
- Shankar V, Smith AK, Rangaswamy A (2003) Arvind Customer satisfaction and loyalty in online and offline environments. *Int J Res Mark* 20(2):153–175
- Shapiro C, Varian HR (1999) *Information rules. A strategic guide to network economy*. Harvard Business School Press, Boston
- Sharma P, Sivakumaran B, Marshall R (2010) Impulse buying and variety seeking: a trait-correlates perspective. *J Bus Res* 63(3):276–283
- Smith WR (1956) Product differentiation and market segmentation as alternative marketing strategies. *J Mark* 21(1):3–8

- Srivastava K, Sharma NK (2012) Consumer attitude towards brand-extension incongruity: the moderating role of need for cognition and need for change. *J Mark Manage* 28(5/6):652–675
- Tassinari G (2003) Soddisfazione del cliente e fedeltà alla marca: un legame ambiguo, (Customer satisfaction and brand loyalty: an ambiguous relationship). *Micro e Macro Marketing*, Bologna, p 1, 21–42
- Teece DJ, Pisano G, Shuen A (1997) Dynamic capabilities and strategic management. *Strateg Manag J* 18(7):509–533
- Thakur R, Summey J, Balasubramanian SK (2006) CRM as strategy: avoiding the pitfall of tactics. *Mark Manage J* 16:147–154
- Valdani E, Busacca B (1992) Customer satisfaction: una nuova sfida, (Customer satisfaction: a new challenge). *Econ Manage* 2:8–27, Milan
- Valdani E (1995) Marketing strategico. Un'impresa proattiva per sviluppare capacità market driving e valore, (Strategic marketing. Proactive enterprise to develop market driving capabilities and value). Etas Libri, Milan
- Valdani E, Busacca B (2001) Customer based view: dai principi alle azioni (Customer based view: from principles to actions). *Micro & Macro Mark*, Società Editrice Il Mulino, Bologna 28(1):7–32
- Valdani E, Busacca B (2004). La customer satisfaction: un modello di analisi, (Customer satisfaction: a model of analysis). In: Busacca B (a cura di) *Marketing e creazione del valore*, Egea, Milan
- Valdani E, Busacca B (1999) Customer based view. *Finanza Mark Produzione* 2:95–131
- Veblen T (1989) *The theory of the leisure class*, Macmillan, London (New Library Edition, 1963)
- Voeth M, Herbst U, Liess F (2013) We know exactly what you want. *Int J Mark Res* 55 (3):437–458
- Wang X (2014) How to build brand loyalty: facilitated by brand experience. *Adv Serv Sci Serv Info Technol (Set)* 52:31
- Whiteley RC (1992) L'impresa guidata dal cliente, (The customer's driven company). Sperling & Kupfer, Segrate Milan
- Wilson DT (1995) An integrated model of buyer-seller relationships. *J Acad Mark Sci* 23 (4):335–345
- Wood SL, Swait J (2002) Psychological indicators of innovation adoption: cross-classification based on need for cognition and need for change. *J Cons Psychol* 12(1):1–13 (Lawrence Erlbaum Associates)
- Zahra SA, Sapienza HJ, Davidsson P (2006) Entrepreneurship and dynamic capabilities: a review, model and research agenda. *J Manage Stud* 43(4):917–955
- Zanichelli (1995) *Dizionario Enciclopedico della lingua italiana* (Encyclopedic Dictionary of the Italian language). Bologna
- Zanichelli (1999) *Dizionario Etimologico della lingua italiana*, (Etymological Dictionary of the Italian language). Bologna
- Zazzerini G (2005) Promoting technological standards through IPRs management: taking advantages of licenses. *Proceedings 2nd Conference of Società Italiana di Marketing*, Trieste, 2nd-3rd December 2005
- Zeithaml VA (1988) Consumer perceptions of price, quality, and value: a means–end model and synthesis of evidence. *J Mark* 52(3):2–22
- Zeithaml VA, Bitner MJ (2002) *Il marketing dei servizi*, (Service Marketing). McGraw-Hill, Milan
- Zingarelli (1999) *Vocabolario della lingua italiana*, (Italian dictionary). Zanichelli, Bologna
- Zingarelli (1984) *Vocabolario della lingua italiana*, (Italian dictionary). Zanichelli, Bologna



<http://www.springer.com/978-3-319-51990-6>

Marketing and Customer Loyalty

The Extra Step Approach

Cavallone, M.

2017, XI, 126 p. 22 illus., Hardcover

ISBN: 978-3-319-51990-6