

Creating a Customer Loyalty Composite Score

- A loyalty composite score was created by averaging the Brand Preference, Brand Recommendation and Intent to Purchase variables
- Information regarding the new loyalty variable is represented below

Range of the Loyalty Composite Score

6 – 21
(Average: 2 – 7)

Mean of the Loyalty Composite Score

16.76
(Average: 5.58)

**Percent of customers who are the most loyal
(customers who fall in the 6-7 range)**

44% of customers are the most loyal

Understanding *Customer Loyalty* using Key Driver Analysis

- A Key Driver Analysis using Linear Regression has been used to assess how client brand performance attributes impact a customer's loyalty
- The model fit statistics listed at the top indicate that the model is a good fit
 - Both the "R" and "R-Square" are high, and the model significance is at a 95% confidence
- The standardized beta scores listed below show the brand performance attributes ordered from best performance to least performance
 - Best performance attributes have a higher standardized beta size as well as a higher statistical significance
 - 5 attributes were determined to be statistically significant drivers for customer loyalty

R	R-Square	Model Significance
0.894	0.798	0.000

Standardized Beta Scores ordered by Significance		
	Standardized Beta Scores	Significance
Performance: has competitive pricing	0.781	0.000
Performance: has good sales	0.351	0.000
Performance: has products I can't get at other stores	0.108	0.015
Performance: has quality baked goods	0.163	0.030
Performance: has a quality deli counter	0.118	0.039
Performance: creates baked goods on site for bakery section	0.098	0.075
Performance: has a wide variety of brands	-0.105	0.190
Performance: has ample parking	0.077	0.197
Performance: offers organic options	-0.077	0.261
Performance: has the products I want	-0.068	0.383
Performance: offers store coupons	0.02	0.631
Performance: makes checking out easy	-0.025	0.641
Performance: makes shopping easy	-0.026	0.661
Performance: has a clean environment	0.003	0.950

Customer loyalty can be driven by offering competitive pricing, good sales, unique products, and a quality deli counter and baked goods

- Customers are going to be more loyal if the brand has competitive pricing, good sales, products not found in other stores, and a quality deli counter and baked goods
 - For example, the brand can promote the products that are unique to their store or get messaging out that promotes the deli counter and fresh baked goods offerings
- Focusing on these attributes will ultimately boost customer loyalty by the corresponding point lift listed in the chart below

