

## CUSTOMER EXPERIENCE PARTNERS

## Customer Loyalty and the Evoked Set



While pragmatically customer loyalty is a behavior that most companies strive to positively impact, customer loyalty is also an abstract phenomenon that marketing scientists seek to measure in order to select and fine-tune strategic decisions. Its measurement has been hotly contested for at least two decades. Many in marketing measurement have settled into observing three (supposed preceding) conditions: satisfaction, intention to repurchase and willingness to recommend. But the C-Suite, despite some controversy, has become singularly infatuated with the **Net Promoter Score** – a reporting twist on the last of the above three measures.

### So, What's Wrong?

These three measures, while widely used, suffer some serious flaws. First, they are *attitudes*; either about current feelings or future intentions. But just as attitudes sometime shed insight on situations, they also bring uncertainty. Attitudes are rarely totally predictive of the future. And that's the second flaw; it's often difficult to show linkage to future purchase decisions.

An interesting new study by Keiningham et al, published in the *Harvard Business Review* (Oct 2011, pgs. 29-31), suggests a shift of focus from satisfaction or recommendation to a brand's *prominence in the customer's mind*. And this leads to one additional construct; the consumer's evoked (or consideration) set. We, at **Customer Experience Partners**, have long believed in the value of tracking the consideration set. The concept of consideration set is based on simplification; consumers limit the number of brands in a category that they will "consider" the next time they need a purchase from the category. Keiningham and colleagues have lent empirical proof to our belief.

### Prominence in the Consideration Set: A Defining Concept

Based upon a longitudinal study that tracked 17,000 consumers over a two-year period, Keiningham et al report being able to predict a brand's share of wallet (spending) derived from knowledge of a consumer's evoked set in a category and the rank order in which the consumer aligns the brands within the evoked set (primary, secondary, etc.). More importantly – and something that should intrigue senior management - they report the ability to establish the **dollar impact of a change** in rank-order favoritism among the brands.

This approach is appealingly superior to traditional customer satisfaction scores and Net Promoter Scoring based on a key difference: it recognizes that customers do not view products and services in a vacuum. By asking not "How satisfied are you?" or not "How willing would you be to recommend?" but rather capturing an assessment of a brand's perceived stature in comparison to other competing brands, the measurement scenario is changed considerably and loyalty can be predicted more reliably.

For more about how to set improvement priorities that will help your brand achieve primary prominence in customers' evoked sets, contact us:

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