

Ipsos presents new thinking on share of wallet

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In a time when the economy is so volatile, it is important to understand customers' spending patterns. "Focussing on retaining customers alone does not have a big enough impact on a company's bottom line," states Rentia Kramer, Head of Ipsos Loyalty in South Africa. Even though your brand could be receiving high satisfaction and recommendation ratings from customers, it could still be losing sales if customers are more satisfied with, and more likely to recommend, a competitor. It is valuable and important to measure how happy your customers are and how likely they would be to recommend your brand, however it doesn't shed any light on how customers are dividing their spending between your brand and its competitors.

Traditional measurements of customer loyalty, including customer satisfaction, purchase intention and Net Promoter Score, have shown a poor correlation with share of wallet (Keiningham, Aksoy, Buoye & Cooil, 2011).

"Businesses need to focus on how much their customers are spending with them," comments Kramer, "as opposed to the competition, and how to optimise this spend. In other words, optimising the share of wallet they are receiving from their own customers."

In June, Ipsos Loyalty presented a case study on one of their latest innovations, the Wallet Allocation Optimiser (WAO!), at the Southern African Marketing Research Association (SAMRA) Annual Conference 2014 (12 and 13 June 2014, Spier Wine Estate, Stellenbosch, South Africa).

The WAO! Solution is unique to Ipsos Loyalty and developed to help businesses gain insight into where your customers' money is going.

WAO! follows a few simple steps, with remarkable results:

1. It considers how many brands are in the customer's repertoire.
2. It captures the relative, competitive performance per brand and converts it to ranks.
3. It uses the Wallet Allocation Rule to create a metric that represents share of wallet.
4. It identifies the drivers of how to increase share of wallet.
5. It connects the drivers to monetary gain.

"In order to benefit from WAO!, businesses or managers only need to know the number of brands that the customer uses, as well as the relative rank of those brands," says Kramer. The higher the rank, and the less the number of brands in the customer's repertoire, the greater share of wallet you will receive from that customer.

WAO! results provide a holistic and realistic view of the customer experience. They also allow the identification of key drivers, provide a competitive overview and, most importantly, identify opportunities to increase customer spend with your business.

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About Ipsos Loyalty

Ipsos Loyalty is the global leader in customer experience, satisfaction and loyalty research with over 1,000 dedicated professionals located in over 40 countries around the world. Our creative solutions build strong relationships which lead to better results for our clients. This has made us the trusted advisor to the world's leading businesses on all matters relating to

measuring, modelling, and managing customer and employee relationships.

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