## **CONTENTS**

Myths		х
Preface		χ\
INTRODUCTION: The Myths of Loyalty: Did the Gods Mislead Us?		1
CHAPTER <b>1</b>	Loyalty Myths That Subvert Company Goals	31
CHAPTER <b>2</b>	Loyalty Myths Contaminating Company Management Practices	63
CHAPTER <b>3</b>	Loyalty Myths about Customers: Their Needs, Behaviors, and Referrals	81
CHAPTER 4	Loyalty Myths Concerning Loyalty Programs	105
CHAPTER <b>5</b>	Loyalty Myths about Loyalty, Share of Business, and Profitability	129
CHAPTER <b>6</b>	Loyalty Myths Regarding Employees	153
CHAPTER <b>7</b>	The Foundations of Customer Loyalty	169
CHAPTER 8	The Right Way to Manage for Customer Loyalty	199
Acknowledgments		229
Notes		233
Index		249

## **MYTHS**

Myth 1. The number one goal of any firm should be customer loyalty.	38
Myth 2. Firms should emphasize retention efforts rather than acquisition activities.	40
Myth 3. Companies should strive to make all of their customers attitudinally and/or behaviorally loyal.	43
Myth 4. Companies with more loyal customers will always have higher market shares.	44
Myth 5. Companies should seek to change switchers into loyal customers.	46
Myth 6. Efforts to improve customer-centric measures are properly separated from efforts to improve brand-centric measures.	<b>4</b> 7
Myth 7. Retaining 5 percent more of a company's customers will increase profits by 25 to 85 percent.	50
Myth 8. It costs five times more to acquire a new customer than to retain a current customer.	52
Myth 9. Companies should focus on their high share-of-wallet customers.	55
Myth 10. In planning for the future, it's always best to focus on customers who have contributed the most to company profits.	56
Myth 11. Service providers differ distinctly from product manufacturers in how loyalty tools can be	<i>)</i> 0
effectively applied.	57
Chapter 2: Loyalty Myths Contaminating Company Management Pract	ices
Myth 12. Shareholders manage for loyalty; the market rewards customer loyalty.	69
Myth 13. Most companies are structured to build customer loyalty.	71

## xii MYTHS

Myth 14.	Companies tend to know their customers.	73
Myth 15.	Most companies' databases are adequate for building loyalty.	74
Myth 16.	Companies are generally willing to address the needs of individual customers.	7 <b>4</b> 76
Myth 17.	Companies with continuous customer relationships have an advantage in building loyalty over other companies.	77
Chapter 3:	Loyalty Myths about Customers: Their Needs, Behaviors, and Referrals	
Myth 18.	Most customers want to be loyal—customers want a relationship with the firms with which they do business.	85
Myth 19.	It is in the customer's interest to have monogamous	
,	relationships with companies.	87
Myth 20.	Repeat purchase equals loyalty.	89
Myth 21.	A dissatisfied customer will never conduct business	
	with an offending firm again.	90
Myth 22.	Once a loyal customer, always a loyal customer.	91
Myth 23.	Loyalty declines as more purchases are made.	92
Myth 24.	Heavy users of a product or service are less loyal.	94
Myth 25.	The 50-plus age segment is more loyal than	
	younger segments.	95
Myth 26.	Loyal customers help grow a business through	
	positive word of mouth.	97
Myth 27.	Loyalty can be measured by the number of net	
	promoters a company has.	98
Myth 28.	Loyal customers will work to establish a	
	relationship.	101
Chapter 4:	Loyalty Myths Concerning Loyalty Programs	
Myth 29.	Loyalty programs are a sound investment.	112
Myth 30.	The tools for building loyalty are well understood	
, -	and practiced.	115
Myth 31.	Loyalty can't be bought, it has to be earned.	118

	Myths	xiii
Myth 32.	Frequency of contact increases loyalty.	120
Myth 33.	Loyalty can be created through economic or	
	structural bonds.	120
Myth 34.	Loyalty rewards programs will solve customer	
	attrition problems.	121
Myth 35.	Loyalty programs will attract customers from	
	competitors.	123
Myth 36.	The Internet makes building loyalty much easier.	124
Chapter 5	: Loyalty Myths about Loyalty, Share of Business, and Profitability	
Myth 37.	Long-term customers purchase more.	135
Myth 38.	Long-term customers are more desirable than	100
•	short-term customers.	137
Myth 39.	Share-of-wallet increases as customer lifetimes	
	increase.	138
Myth 40.	Increasing customer share-of-wallet is driven by	
	increasing customer loyalty.	139
Myth 41.	Spending on customer service increases customer	
	loyalty.	140
Myth 42.	Loyal customers are less price sensitive.	141
Myth 43.	Loyal customers are less expensive to service than	
	nonloyal customers.	142
Myth 44.	Loyal customers are more profitable; loyal	
34 3 /-	customers are always profitable customers.	144
Myth 45.	Customer satisfaction brings customer loyalty.	145
Myth 46.	Customer revenue is a good predictor of	
M .1 /~	profitability.	146
Myth 47.	Customer loyalty is easy to measure.	148
Myth 48.	The concept of loyalty is the same across	4 /0
	industries and sectors.	149
Chapter 6:	Loyalty Myths Regarding Employees	
Myth 49.	Employee satisfaction and customer loyalty go	
	hand-in-hand.	158
Myth 50.	Employee satisfaction leads to business results	150

## xiv MYTHS

Myth 51.	Loyal employees create loyal customers.	161
Myth 52.	Employees are rewarded for increasing	
	customer loyalty or creating loyal	
	customers.	163
Myth 53.	Empowering employees is the best way to	
	create satisfied, loyal customers.	165