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COLLOQUY Unveils Nationwide Retail Loyalty Index: Costco and Macy's Generate Top Customer Loyalty

Research Findings Identify Retailers to Whom U.S. Consumers Feel Most Loyal

CINCINNATI (June 13, 2008) – Loyalty marketing consultant and publisher COLLOQUY today unveiled its national Retail Loyalty Index, ranking Costco as U.S. consumers' choice for loyalty in the Grocery, Personal Care and Mass Merchant categories, and Macy's as the Department Store leader.

COLLOQUY created the Retail Loyalty Index, which was previewed this week at the Direct Marketing Association's DM Days New York Conference & Expo, to answer a key question: To which retailers do consumers profess their deepest loyalty, and why?

The Retail Loyalty Index is based on the results of a November 2007 survey of 3,000 U.S. consumers. The research data includes 500 completed interviews in six demographic segments: Affluent household heads, Young Adults, Seniors, Women, Hispanics and a General Population control group.

Consumers were asked to reflect on personal experiences with retailers at which they shopped most often in the previous three months. They rated on a 1-10 scale their loyalty to individual retailers, with 1 meaning "not loyal" and 10 meaning "very loyal." Survey respondents cited the following retailers frequently enough that they have earned the "COLLOQUY shout-out" as 2008's Most Loyal Retailers.

Across five geographical regions, Northeast, Southeast, Midwest, Southwest and Northwest, Costco was the national winner in the Grocery category. The warehouse club was the first choice of consumers in two regions, the Southwest and Southeast. Publix was a close runner up and H-E-B followed.

Costco also was consumers' loyalty favorite among Personal Care retailers, winning three regions and placing in the top three in the other two. Wal-Mart was the runner-up in this category, suggesting that consumers are more price conscious in this sector than others. The highest-rated stand-alone pharmacist in this category was Rite-Aid.

Of the department stores doing business in all five geographical regions, Macy's can claim the most loyal shoppers, with Wal-Mart finishing as a strong runner-up, and Target and JC Penney finishing in a tie.

In the Mass Merchant category, the discount club Costco garnered most loyalty from bargain hunters nationwide. Target was runner up, followed by Wal-Mart.

Drawing a distinction between loyalty and frequency, the COLLOQUY Retail Loyalty Index shows that Wal-Mart is the dominant U.S. retailer for consumer shopping frequency. Consumers across all categories shop at Wal-Mart more than any other retailer. But Wal-Mart did not register equally high loyalty ratings from respondents to the COLLOQUY survey. While Wal-Mart's Everyday Low Price (EDLP) tactics have made it the world's number one retailer, other retailers who attempt to emulate Wal-Mart's success will find that the EDLP model of retailing comes at a cost.

“The survey results demonstrate that the traditional marketing mix has taken a back seat to a relentless focus on price,” said Rick Ferguson, COLLOQUY's editorial director. “A marketing strategy focused solely on sale prices and promotions not only faces diminishing returns, but can also actually breed disloyal customers. Our research results demonstrate that retail marketers have an opportunity to shift their focus from EDLP towards loyalty drivers that build true customer engagement, larger transactions and improved margins.”

COLLOQUY provides a complete report on the retail loyalty research in a white paper titled “The Loyalty Marketing Mix: Introducing the COLLOQUY Retail Loyalty Index.” It is available free of charge at www.colloquy.com/whitepapers. COLLOQUY will provide additional in-depth analysis of retail loyalty trends in a free webinar to be hosted at 1:00 PM on Wednesday, July 9, 2008 by Rick Ferguson and Kelly Hlavinka. For more information or to register, visit www.colloquy.com/retail-webinar.

Among the various retail categories, consumers are most loyal to grocery stores, where purchases are tied closely to home and family life. Shoppers attach emotional resonance to this category, despite the importance of low prices.

“A key trend to be discerned from this research is that loyal consumers recommend their favorite retailers,” said COLLOQUY Managing Partner Kelly Hlavinka. “One attribute of brand loyalty rose above all others, regardless of store category, specific retailer or demographic segment – likelihood to recommend a retailer. This attribute more often than not had a strong correlation with consumer loyalty. There's a transition from the narrow focus on price. We're leaving the Age of Frequency and entering the Age of Loyalty.”

About COLLOQUY:

COLLOQUY comprises a collection of resources devoted to the global loyalty-marketing industry. The flagship resources are COLLOQUY Consulting, a loyalty consulting practice, COLLOQUY®, a magazine serving the loyalty-marketing industry since 1990, COLLOQUY.COM the most comprehensive loyalty web site in the world, COLLOQUY's Research and Education divisions. Together they provide a worldwide audience of 30,000+ marketers with consulting, news, editorial, educational and research services across all industries and around the globe. COLLOQUY magazine subscriptions are available at no cost to qualified persons at www.colloquy.com or by calling 513.248.9184.