

Building Customer Loyalty In A Recession

August 4, 2009

Most businesses want to build a loyal customer base, people who will frequent their stores or buy their products on a regular basis and talk positively about their experiences with their friends and associates. Loyal customers provide a steady revenue stream, higher profit margins and confirmed evangelists who do much of their marketing for them.

With the country in the grips of a recession, however, consumers are focusing on price more than where they purchase goods. Recent surveys have reported a decline in corporate allegiance. But all is not lost for companies who are willing to take a hard look at classic marketing tool – consumer segmentation – and applying its concepts in new and innovative ways.

Best Buy, for example, launched a customer-centric program based on segmentation that now is at the heart of its corporate growth strategy. By classifying its best customers into five consumer segments, targeting them with marketing and changing the way stores look and training associates in new ways, the company has posted same-store sales growth in excess of 9 percent – more than double that of outlets that haven't converted to the model and no small feat given the current economic challenges.

Nielsen has been at the forefront of consumer segmentation since the 1970s; its PRIZM system draws on a range of U.S. Census data and market research to classify all 114 million U.S. households into one of 66 consumer types. Systems like PRIZM can help companies build stronger relationships with customers through tailored marketing and help them retain consumer loyalty, even when conditions are less than ideal.

Read more about how consumer segmentation works and can help innovative companies develop a competitive edge in the new edition of [Consumer Insight](#) ^[1].

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