

PREFACE

1992 saw the publication of an essay entitled *Supermarket Customer Loyalty Promotions. An Empirical Study*, authored by Sandro Castaldo and Chiara Mauri. This work was published by Egea and promoted by the then newly formed The Continuity Company (or TCC as it is known today), along with the collaboration of several Italian retail companies.

The objective was to analyze how retailers manage their sales promotions, particularly “loyalty promotions.” This is what they called marketing actions aimed at achieving immediate results (typically short-term increases in turnover), but which also served to secure the stability of sales volumes and enhance the company image by creating a base of loyal customers (hence the name “loyalty promotion”).

Over the next ten years, fueled by growing interest in this specific marketing solution, the partnership between SDA Bocconi and TCC consolidated. This resulted in two more rounds of research, with accompanying publications. Meanwhile, TCC has carried out more than 9,000 loyalty programs in large-scale retail, petroleum and FMCG sectors, involving more than one billion consumers. Today, more than 30 years after that first study, we are faced with a highly competitive, mature market, where it’s more essential than ever before to consider customer loyalty as the main driver of business performance. For this reason, TCC wanted to put its experience into the hands of researchers. To do so, they forged relations with the *SDA Bocconi Channel & Retail Lab*, which studies the development of distribution channels and retail. This led to the creation of the *Loyalty Promotion Monitor*, which draws comparisons between companies to define the main levers that determine growth in retail.

TCC has always had a privileged, international perspective on the dynamics of customer loyalty. Zeroing in on Italy, there is no doubt that companies are experiencing a historical period of great change, in particular large retailers. Several factors are impacting this transformation:

1. We are in a period of socioeconomic instability. Its effects can be felt both on purchasing processes and on shoppers, changing the criteria consumers apply to make their choices and the reasons behind their decision to concentrate their spending at one retailer rather than another.
2. The competitive scenario is rapidly transforming. On the one hand, interest is turning to the international scene, and on the other, we're seeing dramatic growth in convenience-oriented distribution formulas and the development of private labels.
3. Opportunities are multiplying thanks to new technologies, which offer multiple digital shopping experiences, and the development of e-commerce, which is increasingly integrated with physical distribution.

These are just some of the phenomena that contribute to a highly complex competitive scenario. At the same time, it's becoming more and more difficult for companies to pursue effective differentiation strategies. In this context, clear priorities include sustainability, digitization, and communication and loyalty strategies that are more customer oriented; this is true for all the retailers TCC has the pleasure of collaborating with. The goal is to win consumer trust, an ambitious objective that is the foundation of any valuable, solid, long-lasting relationship. Trust determines loyalty, and loyalty produces positive economic results and market share that is consistent, stable, and may even grow over time.

For years, TCC has been working closely with retailers and companies to develop programs that are designed to incentivize desired buying behaviors and strengthen the emotional connection between consumers and brands. These efforts are based on three key pillars:

- Tailored design and integrated marketing solutions
- Performance monitoring and optimization
- Post-campaign analysis

The ability to measure and optimize loyalty programs is an important strategic resource for retailers. But how is loyalty measured? What are the right KPIs to act on to maximize return on investment (ROI) and return on emotion (ROE) for retailers? The answers to these and other related questions can be found in this book, which is the result of the in-depth study carried out by professors and researchers from the Channel & Retail Lab at SDA Bocconi. We would like to thank them for having us by their side during this year of intensive work.

TCC collaborated by pooling its own experience and providing advice from the Data & Analytics team, which over the years has developed a diverse set of

trust measurement methodologies that go beyond simple sales KPIs, embracing a more complex, multifaceted analysis of loyalty program performance. We would also like to thank the management teams from the companies for their participation, present and future, in insights from this observatory. Their willingness to share their data to enable timely and effective research is essential to continue our work on optimizing loyalty strategies.

For TCC, this is one more step towards increasing trust in our partnerships with retailers. A path of continuous evolution, guided by the common goal of designing truly customer-oriented loyalty solutions. Importantly, the customer in “customer-oriented” isn’t just the purchasing decision-maker, but their entire family and the community in which they live.

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