

ROTTERDAM SCHOOL OF MANAGEMENT, ERASMUS UNIVERSITY

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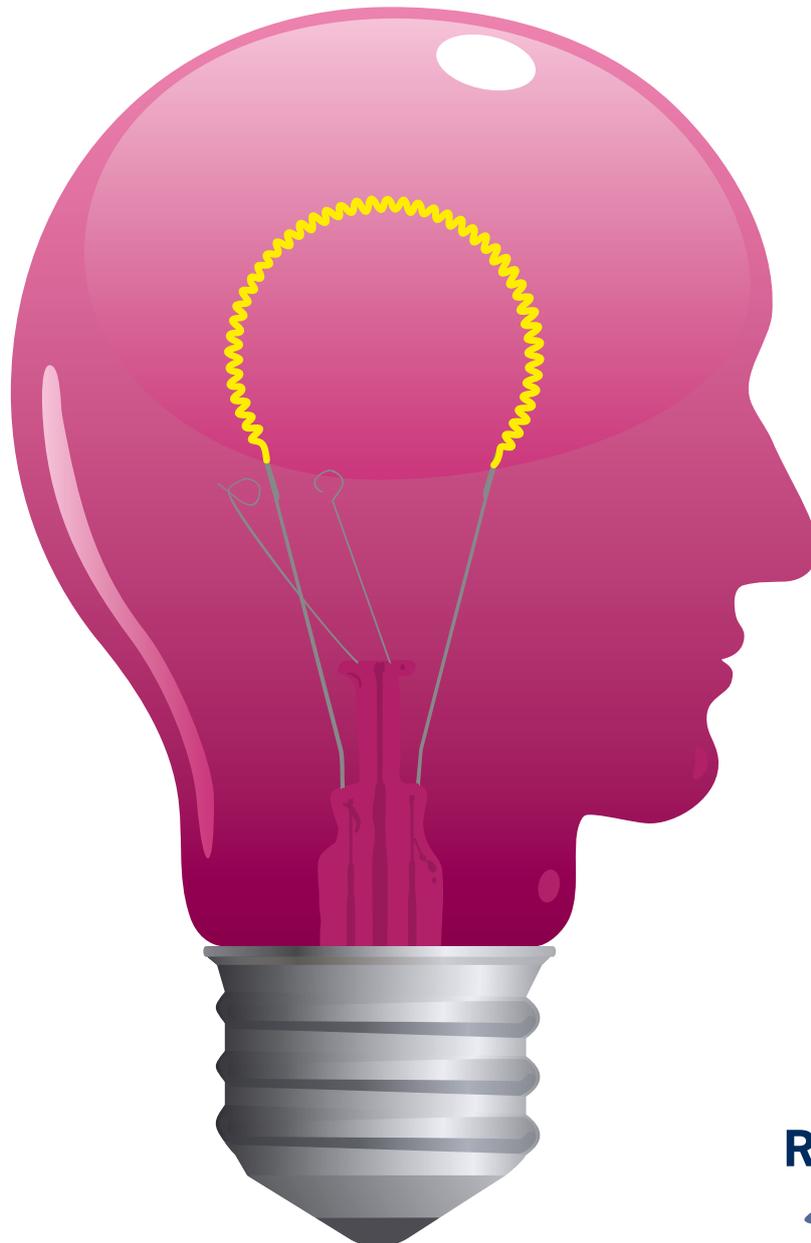
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Are women more loyal customers than men?

by Stijn van Osselaer, Valentyna Melnyk & Tammo H. A. Bijmolt

For almost every company the retention of customers and the creation of customer loyalty is a huge driver of profits. If an organisation were able to increase customer retention by just 1%, such an improvement would have a significant impact on profitability.

But what are the underlying factors of loyalty? Significant research has been conducted over the years on this very subject, and at a basic human level we're often told that in personal relationships 'women are more loyal than men'. At a psychological level we're also told that women are more interdependent as people whereas men are considered to be more independent.

Both of these theories would lead us to believe that, generally speaking, women are more loyal than men. There is another theory though, which

interdependent with individuals, and men with groups.

At first glance this is far removed from the world of business. However, they are linked, inextricably, and what we've sought to do is determine what drives customer loyalty in men versus women. The questions we posed were: Are men less loyal generally as customers? Or, if women are more loyal to individuals - for example, to individual sales people and service providers - then are men more loyal to groups and group-like entities such as retail chains?

“Our findings show that organisations ought to reconsider the marketing strategies used in developing relationships with their customers.”

states that everyone, regardless of gender, has a strong need to belong. But, what they need to belong to is different. Women, we find, are

Apart from providing further understanding of what it is that makes customers tick, the implications revealed by our findings are quite significant for

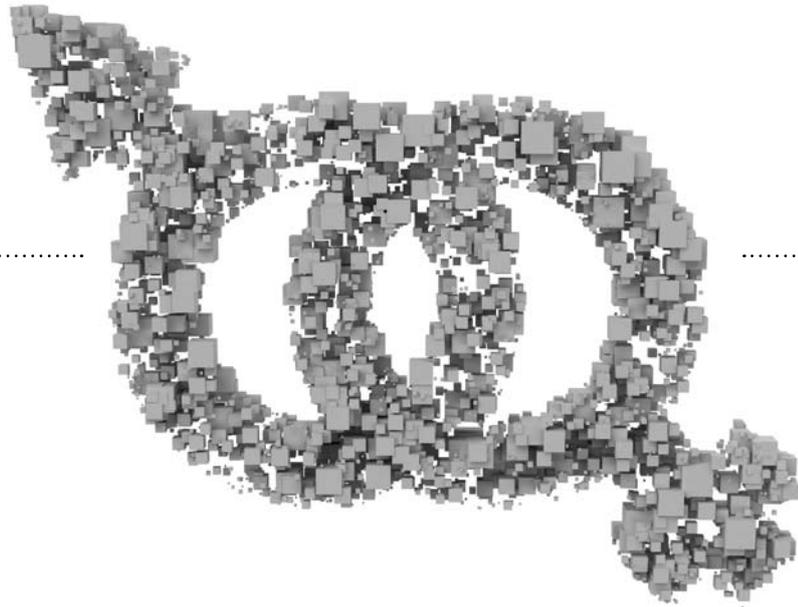
companies, specifically in determining where the balance of power lies in customer relationships.

What we found is that men are loyal to a company – an entity. Take a high street bank, for example. For men, it doesn't matter all that much who the person is that provides the service: the relationship is with the bank. However, for women the relationship is not with the organisation, but centres instead on individual service providers.

The customer service representative at the bank, a specific hairdresser, doctor, and so on, are to what female customers are loyal. Look at that from the organisation's point of view and suddenly the power balance of the customer relationship is very firmly in the hands of the individual employee.

So powerful can this relationship be that if the individual service provider leaves your organisation, then your customer may leave as well. For employers, when that individual comes to you and says they would like a pay rise, or tells you that they are leaving to work elsewhere, there's much more at stake for you than just filling a vacancy, especially if they are in a work environment where they have many women customers.

To expound further: you will rarely come across a menswear shop run by just one or two people. However, it's very common to find such boutiques



for women. Women tend to have close customer relationships with their hairdresser – men typically do not. They might be loyal to a specific establishment, but usually not to the hairdresser.

To reach our conclusions we conducted five experiments of varying complexity. In the simplest scenarios we presented people with options that would test their loyalty. For example: you need to buy a birthday cake for work colleagues. You can buy it from a nearby bakery or cycle 10 minutes, through the rain, to a shop run by an acquaintance from school. Which would you choose? The same scenario was also set, but with three acquaintances at the bakery, not one.

Women, our results showed, were much more likely to cycle through the rain – if there was one person at the bakery that they knew, but not if there were three. The results were the opposite for men – they would make the extra effort for a group, but not a single person.

A second study saw us conducting surveys on the streets of a city. We asked people specific questions about their relationships with individual service providers and groups that provided services: for example, ‘how loyal are you to your dentist?’ versus ‘how loyal are you to your dental practice?’

It became clear, as it did with our other studies, that women are more

loyal to the individual than to the group, expressing the certainty that they would terminate their relationship with the organisation if the individual service provider left. Once more, exactly the opposite results came from the men who expressed much more commitment to the organisation than they did to the individual.

For organisations, our findings mean that they ought to reconsider the marketing strategies used in developing relationships with their customers and adapt them along gender-loyalty lines.

Marketers should make sure to treat women as individuals and encourage these one-on-one relationships. However, organisations also need to understand that the balance of power in the customer-client relationship will then lie with the individual providing the service.

When reflecting these gender differences in advertising, for men organisations should look to portray and reinforce the group aspects and

the status that comes from association or participation with the service.

For women, the message needs to express the individuality aspects and show that as individuals they are valued. Being thought of as just another number or being seen as another faceless person in a crowd is not what women want. Instead, they want you to make them feel uniquely special.. ■

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