Unlocking the Value of Customer Relationships Through Emotional Loyalty

Market leaders enable customers to “own” their brand, which results in a higher share of wallet and increased loyalty.

While technology and targeted communications can enable relationship building, we have found, through quantitative research, that deeper insight is required to make these assets work to their full potential.

Our research has found that the paramount factor in realizing the value of customer relationships is to build emotional loyalty between the brand and the category’s most valuable users. Bonding occurs when customers say, “This is my brand,” which results in their giving you a higher share of wallet and staying with you longer. This paper provides insight into the importance of emotional loyalty and suggests CRM investments that pay greater dividends to both the organization and its customers.

Why Is Bonding Important?
OgilvyOne has analyzed the largest global brand database, Brandz, created by Ogilvy’s parent company WPP and managed by WPP subsidiary, Millward Brown, as an evaluation tool of brand strengths and weaknesses. It includes:
- 500,000 interviews to date;
- 30 countries;
- 100 product/service categories; and
- 20,000 brands.

There are six levels in the Brandz study, the highest of which is “bonding,” where customers say, “It’s my brand” (see Figure 1). Our analysis of Brandz data has found that customers who have reached the level of “bonding” are more likely to:
- Stay with your brand year after year;
- Devote a higher share of wallet to your brand;
- Recommend your brand to others; and
- Interact with your brand, replying to surveys and other requests for information.

In short, these are the customers with whom you have a committed relationship. While it’s not easy to build customer relationships, some relationships are more important to understand and cultivate than others. According to this research, only 5 percent of customers in a category are, on average, bonded with a brand. But they generally represent 50 percent or more of brand volume. These few can make or break the success of your brand. Brand leaders tend to have a higher share of emotionally loyal high-value users than their nearest competitor.

Eight Keys To Unlocking Emotional Loyalty
As brands seek greater differentiation, building emotional loyalty can set them apart. Unlocking emotional loyalty begins with understanding customer needs and experiences, as illustrated in Figure 2.

1. Become A Student Of Customer Behavior
The best way to start and continue building loyal relationships with your customers is to understand how they behave and why they behave the way they do. This involves monitoring their behavior through anthropological research, as well as studying their brand interactions via the Web, call centers and retail environments – both in general and specifically as a result of your marketing communications.

The Softer Side
We all have drivers, desires, dreams and hot buttons that prompt us to act. Developing insights into key customer and prospect segments to understand what drives their behavior, what higher-level needs your brand is fulfilling, and to which emotions you are connecting allows marketers to speak to hearts and minds, engage their audience and change their behavior.

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Building Customer (Not Just Campaign) Metrics

Advanced marketers measure the number and value of relationships that have left the organization – growth in relationships and acquisition of more of the right relationships. They understand the connection between marketing activities and relationship value and seek to optimize that value over time.

When Unilever “Home Basics” launched its multibrand CRM program, great care was taken to understand the needs of “busy moms” and to measure their current and incremental spend as a result of the program. This was first done using focus groups and then panel data to gauge incremental lift. Response analysis found online interactions correlate with sales. Consumers who visited the Home Basics Web site spent, on average, 16 percent more on participating brands than they would have otherwise.

2. Stand For Something Big That Resonates With Customer Values (And Own That Space)

Part of encouraging customers to connect emotionally with your brand is to demonstrate to them that you understand their problems – and that your brand is consistent with something they value. For example, the American Express Open Small Business Network took a stand for enabling small and medium-sized businesses in the United States with everyday savings and the opportunity to network – giving them the same recognition and attention as corporate customers but tailored for small-business owners’ needs. This idea has resulted in more cards being acquired and greater spending. It also provides a platform for engagement and cross-selling American Express offerings.

3. Consistently Deliver On Your Brand Promise Through Every Brand Encounter

Seek to be the proof-point brand – don’t just talk about it. If one of your brand’s core principles is being pragmatic, is your Web site actually pragmatic? Is the content useful? If your brand stands for innovation, are you using technology wisely and in a compelling way? If your brand is a leader, how are you leading?

An essential part of IBM’s e-business campaign (which focused on empowering customers with the potential of IBM technology) was putting control into customers’ hands with an online personalization engine replacing what used to be 17 different Web sites targeting key B2B customers. IBM’s clients were able to individualize their brand experience to suit their needs and wishes. IBM generated greater repeat interactions, realized considerable cost savings, and demonstrated in-depth understanding of the latest technology and leading-edge, industry-specific business issues.

4. Communicate Regularly With Messages That Show You Know Your Customers

The relationship between brand and customer is a very personal one. Loyal customers have invested their time, money and, in some cases, personal credibility by recommending your brand to others. In turn they expect to be treated by the company or brand as a unique person. Relationships, whether personal or brand, are built with frequency, consistency and proof of attention. Thinking of the customer relationship as part of a long conversation can help.

How do you introduce yourself? How do you get to know someone? How do you keep the conversation flowing after exchanging pleasantries? Do you call the next day or wait a week to make a second date?

SAP’s “The Best-Run Businesses Run SAP” campaign is being run seamlessly in 40 countries around the world. It is a model of both strong customer-focused marketing and internal collaboration to ensure that customers and prospects are receiving targeted, consistent messaging that not only focuses on their business needs, but on their local markets and levels of technological advancement. In this way, a marketing manager in a country whose infrastructure is well behind one like the US or Germany is not being sold solutions that he wouldn’t be able to implement – but is receiving communication from SAP that is still strongly aligned with the brand and geared to his immediate needs. Thus, the SAP brand becomes uniquely his.

5. Encourage A Value Exchange That Rewards The Right Behavior

Customers want greater value from their experience with your brand. Ask customers and prospects what it will take to give your brand a higher share of wallet and use that information to deliver solutions at the right price through the right channel. This can be
carried out via relationship “health check” calls, emails, or traditional mail to learn how well they’re doing, how customer and prospects are spending in your category, and what services may currently be of interest to them.

Federal Express did this in the late 1990s by calling small and medium-size businesses and negotiating a win-win outcome where they achieved a greater share of delivery spend in exchange for increasing the frequency of pick-ups and providing more tailored packaging – tubes for architectural drawings, for example. A simple phone call with the right offers delivered dramatic incremental revenue and more than paid for itself.

6. Be Easy To Do Business With

Don’t undervalue the importance of an easy customer experience in building positive brand equity. Management teams should experience the end-to-end process as if they were real customers, then make improvements before the program launches. Here are just a few mistakes we have seen over the years:

- A drive-to-Web campaign launched before the site was tested for usability. When visitors started pouring in, they all abandoned the sign-up page after the sixth drill-down page.
- A new customer set-up with multiple phone transfers. New customers had to repeat their personal information three times and wondered why they even bothered with the company.
- A multichannel product return process. Customers had to call someone who directed them to a Web site for a form they faxed back, and customers were called five days later with instructions on where to carry the product for a purchase credit that could only be used in a single store location.

7. Empower Your Front Line

Exceed expectations, especially during a negative brand experience. Empower your customer-facing staff to find innovative ways to recognize, support and reward your most valuable customers in a manner that is both very personalized and a result of some behavior on the customer’s part (high spending, frequent purchases, long-time customer, etc.). Sometimes the simplest gesture can solidify a relationship.

The Ford Motor Company “Owner Advantage” program began in 1999 as a CRM pilot that found the most significant customer benefit, in terms of driving greater likelihood to buy again, was to empower the customer care center to “own the call.” This meant relaxing talk-time parameters to solve customer problems, providing access to data related to maintenance, and providing the authority to make special offers such as after-warranty adjustments.

8. Encourage Dialogue And Interactivity

The more opportunity you give customers to interact with your brand, the more likely you’re going to create both community around your brand and brand advocates who champion your brand to others.

For example, when GlaxoSmithKline marketed the asthma medication ADVAIR, the company created a compliance program that encouraged customer feedback and interaction. Every communication had either engaging interactive tools or asked customers to share their experiences so that other asthma sufferers would benefit from collective knowledge. This ongoing dialogue resulted in both an increased sense of belonging to a larger community and increased compliance with the medication as measured by both qualitative and quantitative research.

Summary

CRM investments have grown dramatically over the past several years, fueled by technology, process and infrastructure, without delivering a favorable ROI. Unlocking the value of customer relationships requires investing in bonding with the customers who count.

B2B and B2C brands alike would benefit from building emotional loyalty by adopting any of these eight keys. If done well, a win-win situation will result where the customer becomes more valuable to the brand and the brand more valuable to the customer.