

LOYALTY THAT LASTS

Evolving Growth Strategies to Activate Emotional Connections with Brands

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INTRODUCTION

Consumers don't care if your brand disappears.

At least that is the case according to a recent study from Havas, which revealed consumers felt that 77 percent of brands could disappear, and no one would really care. To answer the obvious questions around apathy and the willingness to disconnect and forget, it makes sense to turn a lens on marketing's own challenges with driving deeper bonds between brand and buyer. When the CMO Council asked marketing leaders to outline their greatest challenge in developing lasting (and profitable) relationships with their customers, they admitted that it wasn't a skills gap or the acceleration of channel complexity holding relationships back. The challenge was remembering customers were actually people, not targets.

Chief Marketing Officers (CMO) and business leaders agreed that their challenge was actually self-made, too often forgetting that their mandate was to build lasting relationships with a person, not just to optimize campaigns. For all intents and purposes, the customer has been removed from an engagement equation that is hyper-focused on the performance metrics of the marketing machine.

Ironically, this unintended step away from the customer has brought on distinct downturns in some key engagement metrics – social engagement on channels from Instagram is down to 1.9 percent on organic posts compared to 4.5 percent at the start of 2019. Facebook has seen similar declines, down from an average engagement rate of 0.16 percent on organic posts at the start of 2019 to under 0.09 percent by summertime. Email engagement has seen minor improvements, but still, email remains a channel in which relative failure is still considered success. Consider the modern metrics in which one in four customers opening any given email is cause for celebration as average engagement rates hover around 24.88 percent.

Savvy business leaders are looking to reinvent their relationships with customers. They are making active decisions to rethink and reevaluate the foundational requirements of a profitable, sustainable and lasting dynamic, less predicated on product feature and function and more reliant on relationship and customer value delivery.

The question becomes where to start on this evolutionary path. Do you start with the operations of the business – reshape the machine itself to be a more agile, customer-forward, intelligence-driven, personalization engine that powers meaningful engagements and relationships? Or is a more profound and holistic shift required? Do you actually start with the mindset of the business – reshaping the very definitions attached to terms like relationship, trust, engagement and even loyalty?

These questions are at the core of the research outlined in the paper that follows. As the CMO Council questioned the language, intention and direction of customer engagement, we landed on a key word that consistently emerged in ongoing experience conversations: loyalty.

Loyalty, by definition, is a bond – a faithful allegiance or connection to a person, cause, government or even organization. Yet for some organizations looking to develop customer relationships rooted in loyalty to their brand, the definition is closer to a scheme or program that ties the connection of loyalty to the accrual of points, perks and privileges. It is, for some, another campaign and, perhaps, another excuse to get lost in performance and efficiency metrics and lose sight of the customer. Far too often, loyalty is a tactic to drive relationships instead of being the foundation of the relationship itself.

There is, however, a more evolved mindset around loyalty. One that factors in the lasting, emotional and intentional bond that loyalty can be based upon. This is a state Cheetah Digital, partners in this research, call “Emotional Loyalty.” According to Cheetah Digital, “emotional loyalty is the deep connection achieved when every action, input and communication a customer receives from a brand makes them feel valued and respected.” It is an emotional connection, rooted in trust, purpose-built to foster affinity and attachment.

Through the course of an online audit conducted in the second quarter of 2019, the CMO Council set out to benchmark the state of emotional loyalty; to quite literally identify the hallmarks of organizations that had established lasting loyalty with their most valuable and profitable customers. We asked questions around mindset and mandate, delving into how organizations defined customer loyalty and then, through actions, bolstered the trust and follow-through required to establish an evolved state of emotional loyalty.

What we learned is that according to over one-third of the 170 senior marketing decision makers surveyed for this study, loyalty is more often based on the consistency of transactions rather than the lasting bond of allegiance. In fact, 39 percent of respondents say their organization defines a loyal customer as someone who continues to buy products and services over a long period of time or one who is enrolled in their rewards program.

Yet the reality is that today’s consumer is making their transactional decisions around a new set of attributes. While product and price are still key elements, attributes centered around shared values, a common mindset and the foundational relationship that has been built between the brand and buyer over time are all increasingly critical factors. Customers actually want to “like” – if not “love” – the brands they do business with... they want to see themselves, from their realities to their aspirations, embedded in each purchase.

This emotional shift for customers must be met with an evolution on how we as brands and marketers address programs and strategies intended to foster loyalty, be they through purpose-built loyalty programs or through everyday strategies to foster attachment and affinity.

But where and how can shifts in strategy and agenda truly move the loyalty needle? What attributes could most definitively foster, bolster and maintain higher degrees of emotional connection?

By better understanding the key factors by which brands can establish new levels of emotional loyalty with customers, real change can be implemented. To be sure, this next phase of engagement will include an organization-wide mindset shift... it will demand CMOs to serve as cultural change agents. It will ask organizations to think and feel differently about their customers... and to take specific and intentional steps to actually lean in with emotion and not just schemes, promotions or gimmicks.

KEY FINDINGS

For the year ahead, marketers continue down the path of driving growth for their organizations, identifying ways to boost profitability and uncovering new opportunities to maximize lifetime value across their customer base. When asked specifically which goals would help advance the growth agenda, 44 percent of marketers surveyed by the CMO Council pointed to identifying opportunities to upsell and cross-sell to their existing customer base, hoping to take advantage of the relationships that have already been minted.

TOP GOALS TO DRIVE GROWTH & PROFITABILITY

-  1 Find opportunities to upsell & cross-sell
-  2 Deepen relationships through dynamic experiences
-  3 Unify view of experiences to gain better understanding of customers
-  4 Engage at a cadence that secures trust
-  5 Shift thinking away from campaigns and towards long-term engagement

This has also led marketers to seek to deepen relationships with customers by delivering more dynamic and meaningful experiences (43 percent) and gaining a deeper understanding of what is motivating and driving customer behaviors through a unified view of brand experiences (42 percent).

The problem is only 11 percent of the senior marketing leaders surveyed are fully confident their strategies will actually get them to their goals.

In fact, 76 percent of respondents are only somewhat confident at best or believe they are somewhere in the middle between success and “almost made it,” understanding that while some goals may be met, the organization is just not in a position to meet some customer expectations.

Where does this doubt come from? Where will marketers look to resolve these key issues and advance towards growth and profit more effectively? Is the entire organization poised to make this shift, or will marketing be pushing this agenda in isolation? And perhaps most importantly, where will new strategies and opportunities to evolve lead?

For savvy leaders, this evolution will redefine loyalty, demand alignment around intelligence, shift strategies of engagement and reshape how the brand prioritizes the customer in the context of their business.

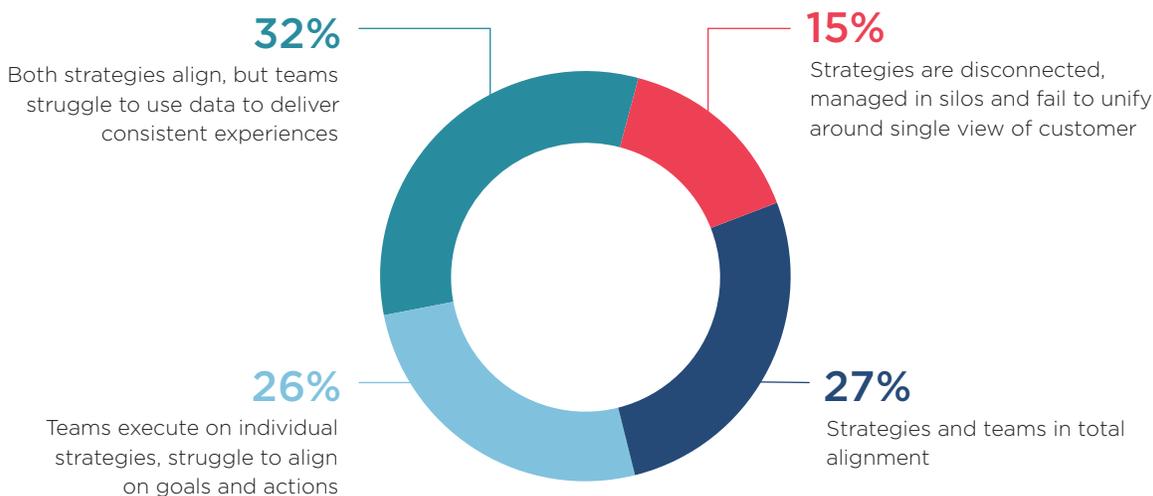
SELECTIVE ALIGNMENT LEADS TO CHALLENGED ENGAGEMENT

One factor likely contributing to the doubts in engagement strategies is a misalignment across the organization that has created gaps in the strategic vision for brand experience and the organization’s overarching customer engagement strategy.

Some marketing leaders admitted that this misalignment is significant and foundational – 15 percent of respondents believe that not only are strategies across brand experiences and customer engagement disconnected, but because functions are managed in unyielding silos, the entire organization is struggling to unify under a single, clear view of the customer. Others – 27 percent – have aligned both strategies and execution across the entire organization, as teams involved in delivering brand experiences and driving customer engagements are connected and have unified and uniform access to the insights and data needed to power success.

But generally, these extremes are in the minority. What comes into view is that customer engagement and brand experience success – especially those strategies that are purpose-built to drive growth – are rarely derailed so dramatically and by extremes. **It is usually the small tears in the engagement fabric that do the most harm and impact the organization’s ability to drive deeper relationships with their customers.**

ORGANIZATIONAL ALIGNMENT ACROSS BRAND EXPERIENCES AND CUSTOMER ENGAGEMENT



Over half of marketing respondents are struggling in the middle, working to bridge some of the gaps across operations or across strategy. Indeed, 26 percent have empowered teams to execute and deploy engagement strategies as individual contributors, but as an organization they struggle to bring all of these actions under a single, aligned and goal-oriented strategy. Another 32 percent of respondents admit that while strategies are aligned, teams struggle to use data to create a consistent and personalized experience for the customer.

Yet all of the organizations failing to align perhaps share an overarching and common bond: they lack a center point around which to align. While many have tried to align through technology and others have tried to align around mission, vision or mantra, the reality is that they all have failed to rally around the customer in a meaningful and intentional way.

DEFINING THE CUSTOMER TO RE-DEFINE ENGAGEMENT

As marketing leaders look to deepen relationships and shift thinking away from campaign-execution-centered strategies and towards engagements that prioritize the customer’s needs and expectations, how the customer is viewed is a paramount issue. Interestingly, today’s customer is largely viewed as a transaction – demanding and busy, driven by digital channels, but by and large an exchange of goods or services that impact the bottom line. This isn’t to say that today’s customer isn’t also loyal and open to new things. But when asked to identify the key attributes of their customer, 43 percent of marketing respondents selected “Transactional.”

THE ATTRIBUTES OF THE MODERN CUSTOMER



This transactional definition has also impacted perceptions on WHY customers are even customers in the first place. For 60 percent of marketers, product quality is overwhelmingly what drives the motivation to buy. Some 36 percent believe that price is the motivator. While habit (13 percent) and even a brand being the ONLY company to offer a product (11 percent) all may play a part, brands firmly believe that product quality and price drive consumption.

According to Cheetah Digital, affinity, a key component of emotional loyalty, is based on whether a customer actually enjoys what a company offers, be it through a high quality product, the exclusivity or uniqueness of that product or even if a brand or product appeals to a customer's set of values or sense of style. Affinity is that sense that a customer "likes" a brand. And in this regard, brands are doing quite well.

In fact, brands believe that attributes like a customer's relationship with frontline reps (34 percent), an attachment or affinity with the brand (22 percent), influence from friends and peers (21 percent) and an emotional connection to the brand (16 percent) are also contributors to what motivates the very human and relationship-driven customer.

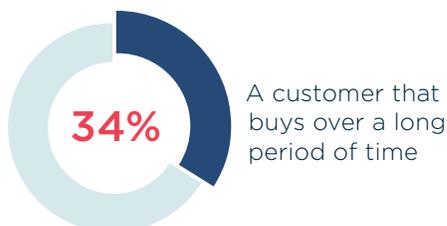
Yet in the end, while it is clear that brands are capable of fostering affinity on the surface – be it by emphasizing product value or continuing to deliver exceptional quality – brands are struggling to communicate points of connection, affinity and value beyond transactions. This calls into question whether brands are able to shift customers beyond "liking a brand" and into being loyal and emotionally-connected brand advocates.

The reality is that brands are struggling to align around the customer, but they are also missing the mark on what or who the customer truly is: a transactional line item or an emotional creature seeking connection. When reflecting on earlier findings that marketers lack total confidence in their strategies specific to moving the growth needle, a new mandate becomes clear: **this old model of engage-and-transact is in desperate need of an update.**

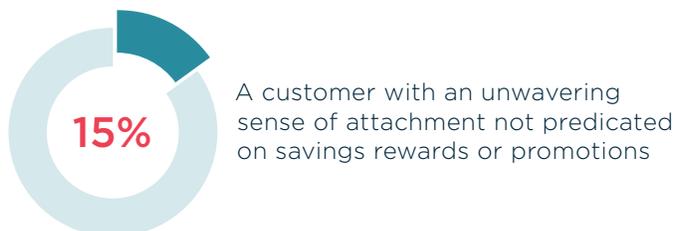
MISSING THE LOYALTY MARK

The spirit of transaction carries through into how organizations are defining loyalty. More than half of respondents – 58 percent – believe that loyalty is tied to repeated purchases. Most pointedly, some 34 percent of marketers admitted that their organizations define a loyal customer as one who had purchased products or services over a long period of time.

TRANSACTIONAL



EMOTIONAL



Only 15 percent of marketers say that their organizations define a loyal customer as being one who has an unwavering bond with the brand that is not predicated on savings, rewards or promotions. While this definition may still involve transactions, and more specifically purchases, these organizations have chosen to prioritize the bond over the scheme, building lasting relationships with their customers instead of just developing programs that develop more lucrative single outcomes.

It is also telling that brands were quick to dismiss a definition of loyalty that quantified the value of engagement. Only 12 percent of organizations consider customers who chose to be vocal advocates for the brand, even sticking up for the brand in times of turmoil, as loyal. And only seven percent define customer loyalty as those customers who fully leverage all products and services while engaging across multiple touchpoints – quite literally raising their hands as being open to engagement and communication.

The thread here is that how brands define loyalty falls in line almost entirely with how brands define their customers – transactions that can be quantified, accelerated and augmented through loosely (at best) aligned strategies. The needle being moved today is focused on brand actions that motivate a customer to buy. But where are the strategies that develop long-lasting and indelible loyalty that can actually drive lasting profitability? Where is the foundation of emotional loyalty?

TRUST IS PROVEN, NOT GIVEN

Data is given. It is being given to brands by customers who believe that in exchange for their data – from preferences to behaviors and conversations – their relationship with the brand will change from a passive exchange of content to a more dynamic, relevant and contextual connection. This exchange is far more complex than a transaction of money for product or service. It is relationship that must be built on trust, where promises are kept at every exchange and experience.

Marketing leaders deeply understand the criticality of trust, with over half (59 percent) of respondents indicating that building and maintaining trust is critical for the organization – even among those functions that sit outside of marketing’s purview and influence. In fact, not a single respondent among the 170 marketers surveyed said that securing and nurturing customer trust was totally unimportant to their business strategy.

The problem isn’t knowing the importance of trust. The problem is **proving** that trust is a promise the organization can and will consistently deliver upon every chance they have.

An impressive 18 percent of marketers feel that their organizations have already met this trust mark, giving themselves a rating of “exceptional” specific to following through on data promises on everything from privacy, permission and even personalization. However, most marketers believe they are just doing a good job, with ratings ranging between fairly high marks on follow-through (37 percent) to being confident they are doing OK (35 percent).

The issue, even in the face of moderate confidence, is not actually whether marketers believe their organizations are capable of following through on trust – it is actually what they believe **PROVES** trust to their customer. It comes down to what they believe trust actually IS.

ATTRIBUTES OF TRUST



THE OPERATIONAL

- Respecting data customers have provided
- Securing data with transparency in data collection, storage and use
- Delivering value across all experiences



THE EMOTIONAL

- Communicating in a personalized way that honors data
- Following through on all engagement and experience promises
- Acknowledging when brand experiences fail to live up to expectations

In this regard, trust breaks down into two primary categories: operationally-focused trust and relationship-driven trust. Most marketers know and understand the attributes of trust that are traditionally operationally-focused and they are comfortable that their organizations are more than capable of following through on promises in these key categories:

- Respecting customer data (51 percent)
- Securing that data and being transparent about key security issues – thank you GDPR – like storage and collection (44 percent)
- Knowing and understanding the boundaries of customer data permissions – a.k.a. knowing just where the creepy line is – in communications (13 percent)

Then there are the aspects of trust that drive deeper relationships and foster that inextricable tie – the emotional loyalty between buyer and brand. These attributes rank at varying levels across all marketers, but all fail to reach that top organizational priority:

- Consistently honoring data by personalizing communications so that exchanges and experiences are highly relevant (49 percent)
- Following through on all promises made in brand experiences (43 percent)
- And even acknowledging when a brand fails to live up to expectations (27 percent)

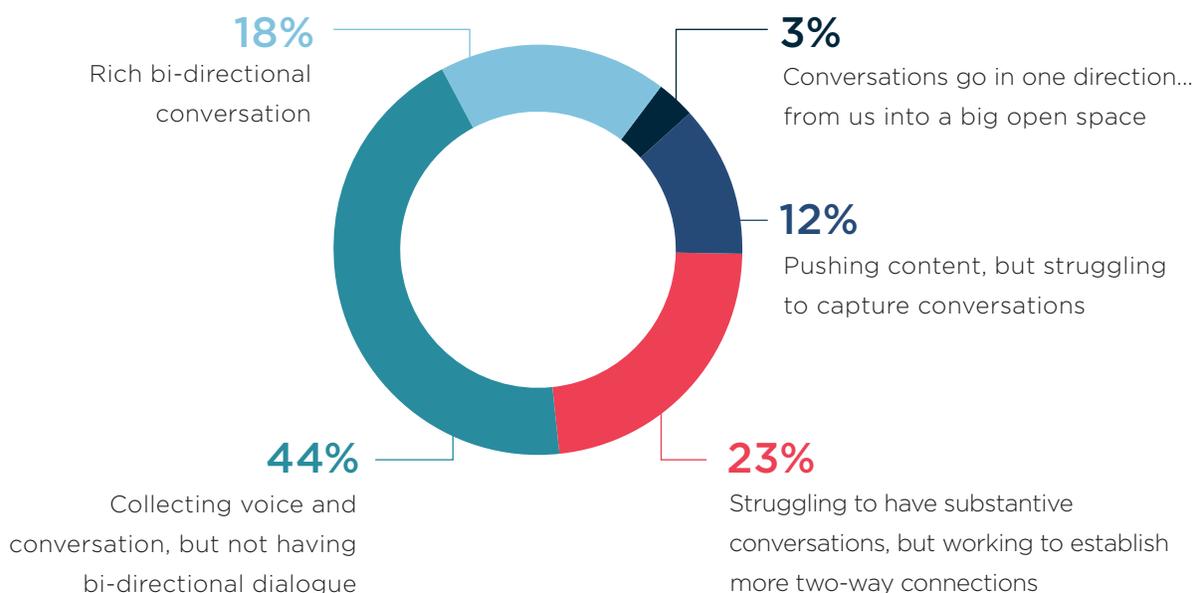
While it could be said that some attributes are impossible to reach without the others – for example, there is no relevant personalization without respecting customer data – it should be noted that when it comes to data, marketers are still in a “collect-and-see” pattern instead of a “collect-analyze-and-respond” conversation.

SHOUTING INTO A STORAGE VAULT

Marketers believe their organizations must respect the data that customers provide, given that trust and follow-through on promises is critical to growth and building relationships. Despite this, when strategy meets action, far too often customers are left alone in a room, talking to themselves. In fact, it could be argued that after bombarding customers with messages – even some that are personalized with targeted recommendations and content specific to the individual customer’s preferences or persona – any response, comments or even kudos are met with automatic replies or with silence.

When asked to assess the depth of conversations organizations were engaged in with customers, only 18 percent bragged of having rich, bi-directional conversations that can happen in real time and have the capacity to move, shift and even influence a customer. The vast majority of respondents are simply trying to keep up with the flow of inbound data coming from the ever-expanding landscape of channels through which customers can communicate.

THE STATE OF CONVERSATION



This sets up an incredible problem as some 66 percent of brands are collecting customer voice but struggling to communicate and 15 percent are just pushing content and struggling to even capture customer voice and data at all.

Cheetah Digital notes that emotional loyalty also demands a sense of attachment. But in this new paradigm, attachment is less about liking a brand and far more about making a real connection. The challenge with driving a sense of attachment is that it demands that a customer feels that they are valued, appreciated and above all else, heard.

At the moment, according to marketers surveyed, customer transactions are valued, but their connections and conversations are being stored in hopes that one day they can be understood and utilized. This is potentially doing more harm than good to relationships as customers start to question if the relationships they believe they are building through communication are actually just automated replies to recognize transactions.

DOES EMOTION REALLY MATTER? BEST PRACTICES FROM BRANDS WITH A BOND

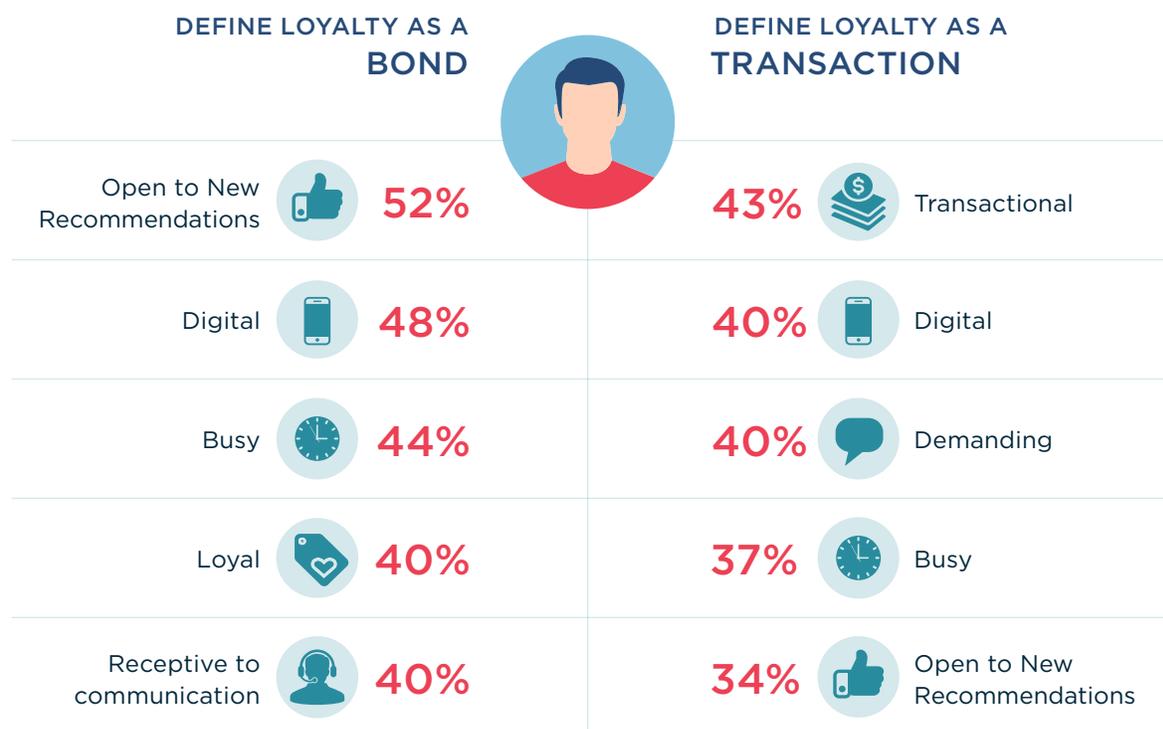
Does defining customer loyalty really result in substantive changes in where and how brands engage and connect with their customers? By taking a deeper look at just how these organizations respond to and develop strategies, the answer is a definitive yes.

According to the 15 percent of marketers within organizations that define customer loyalty as someone with an unwavering attachment to the brand that is not predicated on savings, rewards or promotions, they are more deeply connected, more empowered to actively build relationships and have seen beyond the transaction.

In short, for these brands, loyalty tied to an emotional bond has helped pave a path towards profitability.

The first notable difference between brands that have evolved their definition of customer loyalty is that this shift in thinking has actually foundationally impacted how they view their customer.

THE ATTRIBUTES OF THE MODERN CUSTOMER - TAKE TWO



The real difference between organizations that have evolved their definition of customer loyalty and those who are still hyper-focused on a transactional definition is the impact both on the customer and how the brand engages with that customer. For the customer with an unwavering bond to the brand, they are not only more open to recommendations, they are actually more open and receptive to any communication. This is likely because over time, each communication and touch point has proven that the brand is committed to a bi-directional relationship that both hears and knows the customer and then, in turn, communications in a far more personalized and resonant manner. All of this dedication to the customer and to the relationship at the center of the unwavering bond secures trust, heightens affinity and encourages advocacy - thus further cementing that bond of emotional loyalty.

This plays out in marketers' reactions to the core attributes of their customer. While the transactionally-focused have elevated the importance of delivering more relevant brand experiences (59 percent), they are also focused on bringing on more channels and finding "better ways" to serve customers' expectations. On the other hand, emotionally-connected brands, while still elevating the requirements for personalization across brand experiences, have also admitted that despite their best efforts, they need to do more in order to understand their customer even better, gaining deeper insights into what truly moves the needle with their customer.

When it comes to amplifying strategies that directly impact the three foundations of emotional loyalty - affinity, attachment and trust - once again, our leaders emerge ahead of their peers.

THE FACTORS CRITICAL TO EMOTIONAL LOYALTY

DEFINE LOYALTY AS A BOND			DEFINE LOYALTY AS A TRANSACTION
80%	Product quality to motivate affinity	60%	
76%	Follows through on trust	55%	
64%	Trust is critical	59%	
50%	Champions and advocates	35%	
21%	Rich bi-directional real-time conversations	18%	

Strategies are also shifting because of these realizations. The emotionally-connected brand will spend the next 12 - 18 months gaining a deeper understanding of their customer by intentionally bringing together a single view of experiences. For transactionally-focused brands, on the other hand, the top priority will be identifying ways to upsell and cross-sell to their customers.

In the end, the evolved view of customer loyalty has paid off for marketers who are more confident in their strategies than their peers. While only 11 percent of all respondents believe their current strategies will actually meet growth goals, one in four marketers within emotionally connected brands feel they are on the right path. In fact, only eight percent of these connected leaders are not confident to any degree.

These organizations have also found more opportunity to align around the customer, which has in turn aligned strategies across the organization. Among all respondents, 27 percent believed that their organization had achieved total alignment cross-functionally, in sync around the delivery of brand experiences and customer engagements while also accessing a rich trove of intelligence and shared metrics to determine success and mold next actions. For organizations that have taken steps to evolve their view of customer loyalty, that number shoots to 44 percent of respondents admitting their organizations were aligned and reaching their growth goals.

CONCLUSION

Growth can be achieved by intentionally focusing on evolving and driving true emotional loyalty. These are purpose-built and intention-led initiatives, not loosely connected random acts of marketing. But this is also not an easily applied panacea. Emotional loyalty isn't a campaign or scheme implemented in one department. Emotional loyalty can't be achieved by just installing a new system or adding a new solution.

A path towards emotional loyalty must start and stop with a foundational evolution of how a brand thinks, sees and respects their customer, from their data to their voice.

What was clearly shared by the 170 marketing leaders that took part in this study is that emotional loyalty, and the lasting relationship this new outlook on the customer has developed, must involve and span the entire organization. Can marketing lead the charge, inspire new thinking and new ways to prove, with every brand experience and customer engagement that the promises being made are kept in action when and where the customer defines? Yes. Should marketing pick up the mantle of orchestrating how and where customers have the opportunity to see themselves - from their values and interests to their voice and suggestions - reflected in the fabric of the brand they like and feel a connection with? Yes.

Can any of this be done without the firm leadership that commits to a customer relationship in favor of a customer transaction? No.

Getting started may be as easy as affirming this commitment to the customer. But building and sustaining true emotional loyalty will demand a complex blend of actions and interactions that drive deeper engagement and rich understanding at every opportunity and touchpoint.

Based on the findings of this study, there are three new P's for brands to be mindful of as they craft organization-wide strategies to achieve emotional loyalty:

Permission: As leaders on a quest for deeper (and more profitable) relationships with our customers, we have a responsibility to not just acknowledge the preferences of our customers, but also to honor the privacy of our customers. This goes beyond any regulatory guidelines or standards and demands a proactive security posture that prioritizes how we store, manage, utilize and respect data. Building trust based on the permissions we have asked our customers to provide us is core to making strides with emotional loyalty.

Personalization: Modern personalization is so much more than mail merging or recommendation engines. It is the act of tailoring brand experiences and customer experiences to match the behaviors AND expectations of the customer. It is about meeting the customer where they stand, not where we

need to drag them. It is about respecting the receptiveness to communication and recommendation. It is not about bombarding a customer with a non-stop stream of “surprise and delight,” but rather building attachments and fostering the good will and emotional response that comes from delivering value and recognizing the relationship... be it through a thank you or an apology.

Pronouncement: Emotional loyalty asks marketers not just to give customers new microphones but to actually give them a voice. Nothing could be worse than asking a customer for their opinion and then failing to respect, revere and reflect on that pronouncement. Customers don't just want to see themselves reflected in the culture, values and beliefs of companies they do business with – they expect it. This is increasingly true of younger generations that look for “goodness” in themselves and through the brands they see as an extension of themselves. Collecting (and hoarding) the customer voice must transition to leveraging that voice to inform and develop new customer engagements. That voice must be included in the single view of the customer and their brand experiences. It can't be a voice that shouts into a void... it should be answered and rewarded to truly solidify a relationship.

To learn from our partners at Cheetah Digital, “Emotional loyalty is made up of three components: affinity, attachment, and trust. Customers can like a product without being fully loyal. They can be attached to a brand simply by receiving emails.

But it's only when affinity, attachment, and trust are all present that emotional loyalty is achieved.”

EXPERT COMMENTARY



JUDD MARCELLO

Executive Vice President, Global Marketing
Cheetah Digital



CHEETAH DIGITAL

TO DRIVE REVENUE GROWTH IN THE DIGITAL AGE, BRANDS MUST EMBRACE THE EVOLUTION OF LOYALTY

Today's consumers have the world at their fingertips. Regardless of what they need, there are countless options for finding the most competitive price, the most convenient delivery, or the most compelling offer. In this environment of unlimited choices, there's less incentive for consumers to tie themselves to a particular brand — and as a result, marketers must evolve their understanding of what “loyalty” really means.

As this paper demonstrates, many of today's marketing leaders still rely on traditional interpretations of loyalty, where customer actions are rooted in transactions or habit. This is completely understandable — brands have decades (or even centuries) of experience with this kind of loyalty. They know what it looks like, they're skilled at developing it, and they understand how to measure it.

Traditional loyalty can be divided into two categories:

Habitual loyalty: Repeat business is based on habit and convenience rather than true preference or emotional ties. Grocery shopping is a good example, where you have the same list and buy from the same store every week. But this kind of loyalty is fragile — the customer will often choose a different product or brand if a better offer comes along.

Transactional loyalty: Repeat business is based on rational, transactional metrics like price, points, and incentives. This is the type of loyalty most traditional loyalty programs build — the customer will make regular purchases to take advantage of a sale, offer, or incentive. But as soon as those offers go away, so does the customer.

Habits and pricing are still important, but marketing in the digital age requires a new kind of loyalty — one that goes beyond transactions and reward cards. Today, loyalty is about building a base of dedicated brand advocates who truly love your brand. Creating such genuine, lasting relationships requires a deeper connection between a brand and its customers: an advanced state called “emotional loyalty.”

Emotionally loyal customers keep coming back to your brand regardless of price, convenience, or other outside factors, because they have a deep, personal connection to the brand. Emotional loyalty goes beyond transactions or habit to create a relationship where every interaction a customer has with a brand makes them feel valued and respected.

EMOTIONAL LOYALTY REQUIRES A DEEPER CONNECTION

To thoroughly understand the concept of emotional loyalty, it’s important to recognize that in the digital age, loyalty requires more than just repeat business or a successful points program. These are the touchpoints that bring brands and consumers closer together, but genuine loyalty is an outcome — a goal that can only be achieved by truly knowing your customers and carefully nurturing every relationship you have.

As we see it, emotional loyalty is made up of three components: affinity, attachment, and trust. Any of these things can exist independently — but only when all three come together is true emotional loyalty achieved.

Affinity: “I like you”

Customers have affinity for a brand when they enjoy what the company offers: high-quality goods, branding that appeals to their style, or products at a great value. But liking a brand isn’t the same as being loyal to it. When a different option comes along or a more competitive price is found, customers who merely like a brand may be swayed to spend their money somewhere else.

Attachment: “I am connected to you”

Attachment is less about liking a brand and more about making a connection. Customers will be able to tell whether they are valued and appreciated based on the relevance of the company’s communications. When a brand makes the effort to connect in meaningful and personalized ways, customers feel valued, appreciated, and confident in the company’s ability to meet their expectations. However, this connection alone is not enough to create a deep emotional bond.

Trust: “I have faith in you”

Trust is the linchpin of emotional loyalty — the must-have ingredient to retaining a loyal customer. When a customer feels respected, their willingness to trust increases. Respect can be shown to customers in many ways, but one of the most meaningful is in communication. Is their privacy

prioritized? Are their questions and concerns addressed promptly? Is communication two-way so they can provide feedback? Customers are willing to put their trust in a brand, but only if every touchpoint, interaction, and channel displays the same authentic behavior. And, sadly, one wrong move can result in loss of trust.

ACHIEVING EMOTIONAL LOYALTY IS NO SMALL TASK

Creating an emotional bond between brand and customers is not easy. Brands need to understand and relate to customers on a deeper level, which requires a careful evaluation of individual customer relationships — both to understand their current level of loyalty and to determine how to strengthen that bond.

Building true emotional loyalty requires a complex, dynamic mix of activities and interactions between a brand and its customers to drive engagement at every touchpoint. Brands with the most dedicated fanbase consistently follow these guidelines to build affinity, attachment, and trust among customers.

To build on an “affinity” relationship:

- Manage offers at an individual, personalized level to help reinforce your brand’s value with customers
- Communicate useful advice to ensure effective usage of your product and reinforce quality/value
- Add bi-directional engagement to communications through surveys and polls
- Invite customers to explore products that are similar to what you already know they like
- Foster deeper relationships by engaging with customers via social media and inviting them to share personal accounts of why they like your brand.

To enhance “attachment”:

- Keep customers close by rewarding their interactions with your brand — not just transactions.
- Ensure that every interaction feels genuine and relevant through data-driven personalization.
- Recognize customers with tiers that offer special benefits and acknowledge their status in every communication.
- Engage across the devices, channels, and touchpoints each customer prefers to create a consistent, relevant, and integrated experience.
- Show customers you’re listening by using the data and purchase insights they give you to provide more personalized communications and offers, through the channels they have identified they prefer.

To establish “trust”:

- Maintain a healthy balance with your communications. Engage at the right time, rather than all the time.
- Offer something of value (like a discount, sweepstakes entry, or exclusive content) in exchange for relevant data, then use this information to improve the customer experience.
- Prioritize data privacy and security, and be transparent about how any data your customers share will be used.
- Collect voice-of-customer (VOC) data to give customers a feedback loop and use the information gathered to personalize responses.
- Stay true to permissions and respect the boundaries set forth by the customer (e.g., in the preference center).

EMOTIONAL LOYALTY BENEFITS BOTH BRANDS AND CUSTOMERS

Prioritizing loyalty is a worthy investment for one simple reason: it’s a clear path to increased revenue. Research consistently demonstrates that by investing in customer loyalty through deeper emotional connections, brands stand to increase both current profits and future sales.

According to [a study by Bain & Company](#), it costs 25 times more to acquire new customers than to retain existing ones. What’s more, a company can increase its profits by 25-90% with just a 5% increase in customer retention. This is because loyal customers are retained at a higher rate, they spend more money with the brands they’re loyal to, and they refer their friends — leading to new business without acquisition cost.

Additionally, [Forrester](#) has reported that when customers have an emotional connection to a brand...

- 89% will advocate for the brand
- 90% plan to stay with the brand
- 86% plan to spend more time with the brand

There’s an additional benefit to the process of building emotional loyalty, which may not be immediately obvious. Because building loyalty is an ongoing process, every touch — regardless of channel — provides an opportunity to build on what you know about the customer. Your data grows over time, offering valuable insights that can be leveraged to create even more precise and relevant interactions with customers. This continuous cycle of customer interaction helps to power the data-driven personalization that builds ever more connected relationships.

But emotional loyalty is more than just a one-way street. Beyond the financial incentives for brands, achieving emotional loyalty creates mutually rewarding outcomes for both brands and customers alike.

FOR BRANDS:

- Better customer retention
- Increased share of wallet
- More brand advocates
- Enhanced customer data

FOR CUSTOMERS:

- Unique, personalized experiences
- Rewards & incentives
- More enjoyable buying experience
- Personal satisfaction

At the most basic level, creating emotional loyalty is all about doing good business. That may be a bit more complicated in 2019 than it was in 1919, but the foundation remains the same: provide engaging, memorable, and rewarding customer experiences that keep them coming back for more.

BEST-PRACTICE LEADERSHIP



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EXECUTIVE PERSPECTIVES



JUSTIN MANFREDI

Senior Vice President of Marketing
AMC Networks



Dedicated to creating and distributing bold and inventive stories fueled by the artistic vision of dynamic storytellers, AMC Networks owns and operates several of the most popular and award-winning brands in television and film. The AMC ecosystem produces and delivers distinctive, compelling and culturally relevant content that engages audiences across multiple platforms, including cable television networks, independent films and streaming video services. The company also operates AMC Studios, its television production and worldwide content distribution division; and AMC Networks International, its international programming business. AMC Network is the largest channel with the most original programming under the AMC umbrella, including fan favorites “The Walking Dead,” “Fear The Walking Dead,” “The Terror,” “NOS4A2” and “Better Call Saul.” Justin Manfredi, SVP of Consumer Marketing for AMC and SundanceTV was brought in to help reshape and retool the marketing organization to be a more digitally-focused, data-driven performance marketing team ready to take on the challenges of the evolving media and content landscape.

“Joining AMC, I was very excited to partner with the leadership team to help evolve the AMC brand, drive deeper customer engagement and expand the digital offering while continuing the lineage of award-winning, distinctive storytelling,” Justin Manfredi says.

Even as recently as five years ago, people would still tune in at an appointed viewing time to watch shows on network television. With the increase of Subscription Video on Demand (SVOD) services and the rise of binge-worthy content, AMC needed to pivot its marketing strategies to answer shifting viewer behaviors and content proliferation and at the same time, balance that with both consumer and advertising partner expectations.

“As much as viewers are my customers, so are brands,” he says. “It is critical that we continue to incentivize linear television viewing by igniting viewer passion and building monetizable communities around that IP. It can be a tricky balance, but it is something we are always striving for.”

AMC’s challenge, like many other content publishers, is how to increase stickiness and loyalty amongst core viewers, while at the same time build new audiences – migrating both cohorts from

one show to the next. From a 30,000-foot view, AMC Networks is a massive ecosystem, but looking closer, within each network – AMC, BBCA, SundanceTV, WeTV, IFC – there are unique audience profiles for each show and each network that need to be cultivated and leveraged.

“To succeed in this new world of entertainment, we have undergone a significant marketing shift from a strict brand marketing group to more of a data-driven, audience first, performance marketing team, optimizing it all in real time,” he says.

He says they leverage those rich data insights to better drive their viewers to shows that they know will be of interest to them. “If we know you’re a huge Walking Dead fan, you might also be interested in a Killing Eve on BBC America; if you’re a Mad Men or Better Call Saul fan, we know you are predisposed to liking rich character dramas,” he says. “Through the myriad of shows within AMC and our ecosystem of networks, we can push and pull our viewers towards shows they have a likelihood of enjoying. It’s a modern-day recommendation engine. Some content services do this through algorithms, we do it through a real-time understanding of audience behaviors and community.”

He says it is the job of marketers today to really understand their audience, and only communicate to them in ways that will add value to their life. “We are evolving how we are mining data and segmenting it to make smarter, more efficient and effective marketing campaigns,” he says. “We want to make sure we’re targeting people in the right times, spaces and places where they are and giving them content or information that is truly relevant to them.”

But while data helps them to better target viewers and personalize their experiences, he emphasizes the importance of gathering and leveraging data that is actually needed. “What is the value proposition we give in exchange for data? How are we rewarding people for giving us that data? Are we only collecting the data we need? These are questions we are constantly asking ourselves. As marketers, we need to be transparent as to what we are collecting and how we are using it, and really ask ourselves if the data we are collecting is data we need to do our jobs better,” he says. “If we can do that, and provide richer, more personalized experiences in return, we build an authentic trust with our viewers, and thus they are more comfortable being active participants in our marketing.”

Those data-driven, personalized push campaigns certainly help to expand viewership, but one of the most powerful tools in their marketing arsenal is leveraging their own viewers’ fandom. “Super fans can sniff out disingenuous hawk-like marketing techniques immediately, so rather than always pushing out, we use tactics that empower and enable fandom. For example, we provide creative tools in social media that allow viewers to share their passion for a show, character or story. We’re creating a cultural currency; it’s not just a TV show, it’s something people feel passionately about, so giving our fans a voice allows them to become an extension of the brand.”

They also use social media to surprise and delight their viewers and deepen brand engagement in unique ways. For the last season of Better Call Saul, knowing how excited fans were after a longer-than-normal hiatus off air, rather than put out a press release, they decided to engage fans through an online treasure hunt to reveal the premiere date.

“We created a digital puzzle online and dropped clues for a week across all social channels, driving fans to an IRL (in real life) experience where they came together to unlock the premiere date,” he says. “We let fans discover it and share it, and then we simply confirmed it. The fans loved it, and for us, it built significantly more fan excitement and traction than a press release alone would have.”

Along with online engagement, personal engagement via large events like San Diego’s Comic-Con allow the brand to connect with fans in person and create deeper, more meaningful connections. “We bring fans in and let them touch and feel the brands, stories and worlds,” he says. “At the same time, we give them that voice as part of our marketing efforts. For example, we captured people in cosplay espousing their love for the brand, and we told them we would use it in our marketing. Now they can go see themselves on air, which is an exciting way for our fans to engage and feel that personal connection to the brand and our marketing efforts.”

Giving fans a voice empowers fans to become an extension of the brand, but equally important is truly listening to that voice. “It’s easy to think that we know exactly what they want, but sometimes after you put something out there, you discover it is not at all what the fans want,” he says. “Being able to listen and adapt in real time allows us to increase loyalty by being a good partner – just like in any human relationship – you like brands for the same reasons you like other people.”

He says AMC’s biggest competitor isn’t necessarily other content, rather, it’s share of time. “There’s only 24 hours in everyone’s day, but the opportunities to engage in different types of content, experiences and activities has grown exponentially over the last couple of years,” he says. “We’re fighting for share of mind. When you only have an hour in the evening when you get home, there are a multitude of ways you can spend it: either with other content, a video game, a mobile app, social media, etc. It is our job to foster loyalty so that we can be sure in that one free hour, you’re going to spend it with us and feel satisfied as a result.”



MEGAN O'CONNOR

Former VP, Digital and eCommerce
e.l.f. Cosmetics

e.l.f.

Megan O'Connor is an accomplished marketer and general manager with a passion for building brands, leading teams, and developing and executing winning strategies. With 25 years of eCommerce and digital marketing experience, she is adept at balancing digital capabilities while optimizing profitability and driving operational excellence. For the past 5 years, she has leveraged her expertise in the cosmetic industry, most notably at e.l.f. Cosmetics, where she spent over four years as a member of a leadership team that defined a growth strategy that resulted in a 100 percent increase in revenue over her tenure. As the Vice President of Digital and eCommerce, she was responsible for overseeing all eCommerce strategies, P&L and execution, and her efforts resulted in 20 percent growth year-over-year and 500 basis points in profitability. She has worked for large, established companies and startups, but she says the key theme throughout all of them is customer experience and loyalty.

Megan says customer loyalty extends from the lowest-hanging fruit of loyalty programs all the way through to engagement in social media. “When I think about customer engagement, I view it in the full funnel from how they heard about us, what channel they used to buy from us, whether they will buy again and how they talk about us,” she says.

“The advantage in eCommerce is that the data hub of created through the digital realm allows us to understand customer behavior in ways that retailers in offline experiences cannot,” she says. “By analyzing the entirety of the customer journey, from discovery to purchase, we are able to make strategic decisions around how to shape the content and eCommerce experience in ways that are reflective of that journey and that provide the best overall experience for our customers.”

While there are many ways to measure loyalty, she says customer lifetime value is the most important metric, but many organizations are not looking at metrics beyond those of loyalty programs, which are not the best indicators of true revenue sources or purchasing behaviors.

“The success of loyalty programs is only one metric when it comes to measuring customer loyalty. In fact, many of these measurements may also lead to false assumptions around true loyalty. For example, in one of my previous roles, we had high loyalty program acquisition but a lack of activity within the program. In my experience, the more complicated you make a loyalty program, the less it will actually drive loyalty.”

Rather, she says the most important metric is customer lifetime value. “By looking at the entire picture of customers over their purchasing history, marketers are better able to measure and understand the impact of loyal customers,” she says.

Data sources are vital when it comes to both understanding customer behavior and modifying brand behavior to fit the ever-changing needs of the customer. Two data sources that she notes as the most influential are insights gleaned from customer feedback surveys and customer service.

“Customer feedback surveys, if used properly, can be leveraged as both a loyalty-driver and a product development tool,” she says. “At e.l.f., we contacted customers directly and asked what they’d like to see changed, then we would go back and make some of those changes, and then go back and get their feedback to the second product,” she says. “Inevitably, their feedback was much more positive, thereby increasing customer satisfaction and also ensuring that we were constantly improving our products.”

She says customer service is oftentimes an underserved data source, but that companies that really dig into those service calls, chats and emails can understand a lot about gaps in customer experience. “By digging into those insights, we can get a lot of little nuggets from the entire pipeline in terms of areas we need to improve upon, whether it’s in delivery or the website experience or the products themselves,” she says.

One of the most often-used and effective tactics for driving loyalty in the beauty industry is through influencers, but while influencers are still incredibly powerful in the beauty space, the influencer market has changed over time.

“Bigger influencers today have less credibility than they did even a few years ago because consumers are more aware that those influencers are getting paid to do a lot of campaigns, so it loses authenticity,” she says. “What’s new in the marketplace is the nano-influencer: someone with a small following of people that really trust his or her opinions. It’s a more authentic word-of-mouth tactic, while still using influencers to drive awareness and adoption.”

To increase and maintain loyalty, it’s also incredibly important to stay up-to-date on the latest beauty trends. Today, one such area that consumers are particularly focused on is clean, non-toxic, non-harmful products. “Consumers are much more educated about what goes into the products, and what (or whom) those products are tested on,” she says. “It’s therefore important that we reflect those values back to them in how we create and promote our products.”

Another such trend is more authentic beauty. “Today models are more inclusive of the general population, and brands are moving away from photoshopped images,” she says. “These trends have been driven by consumers, and strongly adopted by savvy brands that understand that listening to customers and reflecting their desires back to them is the best way to gain trust and garner loyalty.”

While commerce has made significant strides in the past several years, she says overall it is not evolving as quickly as the customer is. “It took a while for companies to start thinking ‘mobile-first’ and while they are now on board, most platforms have yet to evolve to meet those needs,” she says. “Some of the smaller brands are having an easier time starting from where the customer

is today: like reaching them in their Instagram feed. Still, even those companies will have hurdles to overcome in terms of payment processing gateways, supply chain issues and what checkout looks like.”

“Today’s consumer is smart, savvy and educated about what they want,” she says. “Brands need to keep up with that. When they don’t, consumers will catch them on it, and today they have ample channels in which to vocalize their displeasure. This transparency has improved how most industries do business and what they’re focused on. Smart companies will constantly listen and improve: this is the best way to foster and maintain loyalty.”



URCIL PETERS

VP, Customer Intelligence Solutions
Marriott Vacations Worldwide

MARRIOTT
VACATIONS
WORLDWIDE
SM

Marriott Vacations Worldwide is a leading global vacation company that offers vacation ownership, exchange, rental and resort and property management, along with related businesses, products and services. The company maintains a diverse portfolio, including seven vacation ownership brands, exchange networks, membership programs, and management of other resorts and lodging properties. Urcil Peters, who has been with the company for close to 15 years, is responsible for leading market research across the enterprise, including all legacy and new brands. His mandate is to deliver actionable insights that help increase marketing effectiveness and customer engagement in both traditional and digital segments.

The evolution of Marriott's customer engagement strategies is largely driven through the insights gained via comprehensive feedback tools such as customer experience surveys, focus groups and customer service tickets.

"We distribute experience surveys to customers across three lanes: marketing and sales, experience on site and the reservation and planning process," he says. "We also frequently engage focus groups to understand which aspects of the customer experience are most important to them, and what they would like to see moving forward. Finally, we are analyzing feedback gained through customer service channels as a way to understand both pain points and the aspects that they most enjoy."

These feedback tools help the team not only to understand how customers are reacting to their current experiences, but also to look to the future. Indeed, in both surveys and focus groups, they ask customers about new vacation places or products to get their perspectives on them before taking action to integrate them into their offerings. This way, they ensure they are evolving towards the future in ways that are relevant to their customers.

"As we look at the bigger picture of where we are going, we want to ensure we are taking into account customers' current experiences and their perspectives on future offerings," he says. "That way, we can be sure we are evolving our strategies in ways that will constantly improve the customer journey and overall experience," he says.

These feedback tools help to understand customer experience and satisfaction, but when it comes to measuring customer loyalty, they have to look at other metrics. In the hospitality industry, the main way

of defining loyalty is through returning guests, but when it comes to a timeshare, this traditional loyalty indicator is already baked into the relationship. As such, he says the most effective way of measuring loyalty is through both increased vacation dollars spent and the longevity of the relationship.

One significant evolution Marriott Vacation Club has adopted is through creating a flexible system of vacation points. Traditional timeshares create a point overlay system, wherein customers buy a week at a given location, and afterwards that week can be converted to points. Marriott, on the other hand, sells vacation club points as the currency from the get-go. This allows for greater flexibility for customers to use their points for cruises or to stay at various resorts through Marriott's partnership ecosystem.

"As we evolved our timeshare model, we now measure loyalty by the increase in vacation dollars, or points, used within the Marriott system," he says. "Through the expansion of our offerings, we increase the ways that our customers can enjoy their vacation and give them more opportunities to expand their vacation dollars spent with us. Measuring any increase therein demonstrates increased loyalty to the brand: whether they want to take a cruise or stay at a resort, they are doing it with us."

"Another key loyalty measurement we look at is customer longevity with us," he says. "The Marriott Vacation Club has seen a strong following of loyalists who stay within the brand and expand their relationship with it. Now that we have taken over the Resorts West Vacation Club, the Sheraton and others, we're working towards evolving the relationship with those members in order to see them expand their relationship with the brand as well. It's our job to identify those experiences and products that help them to do that."

He says there are two main sets of owners within the Marriott Vacation Club ecosystem: the first are the owners that prefer to go back to the same resort time and time again, and the second are those that want to use their timeshare for new experiences. Each destination has its own mix of owners, and the experience must be personalized to those owners.

"We have a number of properties where we see the same families returning each year," he says. "They're doing this not just because they like the place, but because they also get to see the same families and staff that play a significant role in their vacation experiences. With these owners, it is important that we work to ensure they always get the high-quality experience they expect, but that we also surprise and delight them by listening to their feedback and constantly evolving that experience."

"The second set of owners want to use their experiences to take cruises or visit other parts of the world," he says. "Those owners are looking for once-in-a-lifetime experiences, so we're always looking into how we can extend the use of their timeshare currency and provide them with those unique travel experiences."

Urcil's team is responsible for helping the organization understand the differences between various customer preferences among and in addition to those two main groups. Along with the listening techniques employed through surveys, customer service and focus groups, they scour the marketplace

to look for new trends and niche locations that will provide great experiences for each different type of customer. These insights translate into potential business uses and outcomes for the company.

“We’re not just looking for transactional information; we wanted to understand how they feel and what leads them to want to have more of these experiences,” he says. “From there, we need to understand how we can best help engage in actions that reinforce positive feelings and outcomes. We need to mirror what our owners are seeking, in every touchpoint from sales to hospitality.”

The teams look to bring feedback to life in various forms. What they’re doing well, they reinforce moving forward. Where they need to improve, they take appropriate steps and then loop back with customers to ensure the improvements were what customers were seeking.

While the marketing team drives insights, those insights are shared across the entire organization: from company executives who make the largest strategic decisions, to the teams that are interfacing with customers like sales, resort experience teams and operations teams to those that are on-site and ensuring quality day-to-day, like housekeeping and maintenance teams. “Everyone that interfaces with the owners needs to understand what will make for a superior experience and take appropriate actions to fulfill that promise,” he says.

Sometimes even a seemingly simple action can make a significant impact on customer experience. “One thing we have found on our properties is that people love to grill, and it helps to foster that feeling of community,” he says. “Therefore, it is important that we ensure the grills are clean. But it’s not just about cleaning them daily on a surface level, it’s taking them apart and cleaning them from the inside out every single day. And the recognition of that by our owners has been incredible – it is something they highly value and it makes them feel that we are going the extra mile to do things that they appreciate.”

He says marketers need to adapt their definition of loyalty away from how the brand might measure loyalty, and towards how customers define loyalty. In this way, they can reflect customers own values back to them in the ways they recognize and appreciate loyal customers.

“Since many brands are in a transaction business, they often define loyalty in ways that are meaningful to their own business transactions, rather than what is meaningful to their customers,” he says. “For us, we notice that the time our customers spend with us is the way they reflect their loyalty to the brand. So we should recognize that by thanking them in meaningful ways that are connected to the amount of time they have been with us, whether that be through anniversary cards or even a welcome at the front desk wherein the employee recognizes the amount of time the customer has been with us. We need to tap into that emotional dimension of loyalty if we really want to elevate the relationship between brand and customer.”



TIFFANY GRINSTEAD

Vice President of Marketing –
Individual Products and Solutions
Nationwide Financial



Nationwide has an 80-year heritage of helping clients prepare to live in retirement. With a long-term approach to investing and the support of the insurance side of its business, Nationwide has continued to successfully grow across changing market and economic conditions. Its unique structure ensures its clients have the tools they need to solve even the toughest retirement challenges. Through a commitment to the customer, Nationwide has developed a comprehensive support structure, including a consultative team with deep knowledge on the toughest retirement topics, strategies and tools to help clients break down and simplify solutions to retirement challenges and competitive solutions across a suite of annuity, life, retirement plan and mutual funds products that give clients choices to match complex needs. Tiffany Grinstead, Vice President of Marketing for Individual Products and Solutions, says the role of marketing is to advocate for member and partner experience and to ensure Nationwide is consistently delivering on its value proposition.

While there are many definitions of loyalty, Tiffany defines loyalty as the creation of impassioned ambassadors of the brand. “I think of loyal customers as the people who not only want to stay with you, but also want to expand their relationship with you and share their experience with others,” she says. “This concept holds in both the B2B and the B2C space.”

From a B2B financial services perspective, Nationwide sells a lot of products through financial advisors, agents and banks. Strong relationships there are imperative because those advisors are making recommendations in the best interest of their customers, and ultimately will bring new customers to Nationwide if they know Nationwide will deliver on their customers’ expectations.

At the same time, strong B2C relationships ensures that customers go to their advisors with a positive experience with Nationwide and a desire to stay with them.

“Loyalty is built into our DNA,” she says. “We’re a mutual company, so that means we’re actually owned by – and accountable to – our customers. In fact, we call them members, because not only do they belong to Nationwide, they truly are the owners of Nationwide. To become a customer of Nationwide is to join with something meaningful. And that’s really the heart and soul of loyalty.”

The jingle, “Nationwide is on your side,” is more than a jingle, and she is amazed at how many Nationwide members sing it back to them. “Hearing our jingle sung back to us is a sign of the connection people feel emotionally with our brand,” she says. “This stems from the fact that our customers know that the needs of the customer drive every single product we create.”

An example of the Nationwide difference is seen through a key insight the team gained: customers were struggling as they moved into retirement with the resources they needed to make critical decisions. While in working life, many companies have a concierge service that helps to advocate on queries around medical bills or future planning, but once people retire, they lose access to that.

As such, many advisors were telling Nationwide that they struggled to have those kinds of conversations with customers and recognized that those resources were direly needed. In response, Nationwide came up with a new offering called “Care Concierge,” which is offered to all owners of all Nationwide annuities, free of charge.

From a data standard and privacy perspective, Nationwide has a very high commitment to protecting its members and has made significant investments in infrastructure and training around data privacy. At the same time, insights are instrumental to driving products and programs that will make a difference in customers’ lives.

“We look at qualitative and quantitative research, field sales input, social media monitoring, product performance and feedback that comes in from our partners,” she says. “Those insights drive our entire company, starting from research and development, to the way that we execute, to the way we service.”

This data-driven strategy has evolved the overall marketing strategy to becoming increasingly one-to-one. “We need to ensure that whenever we connect with our customers or our advisors that we are able to connect them to paths that take them where they need to go,” she says. “We want them to interact with us to find solutions when they’re ready, on their terms, versus being the old method of ‘send everything to everybody seven times.’”

This is fundamentally important to the business overall because the products Nationwide sells require long-term relationships. “We are not selling a product or a service, rather, we are helping Americans prepare for and live in retirement,” she says. “We have to do that through every single interaction we have with them. Some folks might come to us for insurance, and the hope is that they expand into using us to protect their retirement and ensure they have what they need for their future.”

Emotional connections are therefore critical. “Yes, there’s the jingle; but there’s also the way in which we focus on life stages and where people are in the big moments, helping them protect their family as a new baby joins or pay for funeral expenses as they say goodbye to a loved one,” she says. “We use imagery, storytelling and interactive digital experiences to represent that engagement when it comes to communicating with our current members, our prospects and financial advisors. The jingle encompasses in a really quick and easy-to-remember way this concept of being on your side, but that must be fostered every day in a very real way.”

Many people have heard the advertisements where Peyton Manning sings the jingle in multiple different ways. But what makes that advertisement more effective is the connective tissue from the understanding that he just retired, and Nationwide was a big part of making that happen. As a brand ambassador, he is authentic and embodies an example of meeting people where they are at critical moments in their lives.

It is the responsibility of the marketing organization to bring the voice of the customer into all aspects of decision-making: from strategy to new operational platforms or products. “As the Vice President of Individual Products and Solutions, I sit on the leadership team for our individual products business,” she says. “I don’t just sit in in marketing decisions; I sit in every business decision. I’m looked to, to be a voice at the table that is able to bring in the customer’s perspective.”

Tiffany says that to do this effectively requires extensive listening and aligning the whole marketing house from the brand all the way down to one-to-one interactions. She says listening happens across the gamut, whether through email, web, social media, phone calls or face-to-face interactions with field officers.

“We are constantly in the field with customer enthusiasm tracking for both advisors and consumers to ask about their experience and engagement with us and track that feedback on a quantitative basis,” she says. “Every single level of the marketing funnel must be connected and aware to be able to bring customer needs to life.”

But she is not the only one accountable to the voice of the customer. Rather, every leader, whether from sales bringing back feedback from the field, or operations who provide feedback from the call center or business development leaders who are out spending time with customers, is responsible for bringing back vital information to make the right strategic decisions for customers.

“The concept of membership is very real to us,” she says. “We are not owned by investors. We are not here to create investor value. We are owned by our members. And we are here to create value for our members.”

The basis of their customer relationships is trust. In the financial services industry, it is vital that the institution be perceived as strong and stable, so that 40 years from now, customers’ retirement savings are still secure. This necessitates a level of commitment to the future that makes fostering trust a key ingredient to success.

“As marketers today, we are in a position of building out that table stake while building differentiation in a world where businesses are trusted less than before,” she says. “Therefore, we need to think a lot about how to build trust in authentic and genuine interactions. We must do this in ways where it can speak for itself versus spend time talking about it. Real trust comes down to the proof points that become the foundation of who you are. For us, that’s being a mutual company, having strong financial ratings and being very transparent in how we do business. The more we can focus on weaving in those genuine proof points versus the lip service to trust, the more genuine trust we will gain.”



MATT BRUHN

Chief Marketing Officer, General Manager
Pabst Brewing Company



Founded in 1844, Pabst's portfolio includes iconic brands with deep ties to America's heritage, from its flagship Pabst Blue Ribbon to many others such as Lone Star, Rainier, Schlitz, Old Style, National Bohemian, Stag, Stroh's and Old Milwaukee. Matt Bruhn, General Manager and Chief Marketing Officer of the classic American brand says that each brand is strongly tied to the local community from which it was born, and loyalty is fostered by the deep connections each brand has to its community.

Matt Bruhn says the purchase and consumption of alcohol is tied to emotional satisfaction, whether intrinsic or extrinsic, and it is important that the brand is able to foster that in their communications and engagement with consumers.

"The motivation of our customers is emotional rather than functional," he says. "Our customers are drinking our beer to have a social experience. Therefore, we focus on extrinsic emotional satisfaction: connecting how the brand or product makes our customers feel in a social context."

"We define loyalty through regular usage of our product through a defined population," he says. "That includes trend-leading venues we are supplying to and other critical on-premise locations. In a B2B sense, loyalty is much easier to track. Therefore, we look at loyalty particularly through a B2B lens via ongoing patronage by consumption or purchase."

When it comes to tracking B2B loyalty, he says Pabst has good tools in place to track their sales. "We track placement on a daily basis and have developed extensive tracking tools to understand whether venues are buying from us on a consistent basis or sporadically, and at what rate," he explains. "We then analyze any changes in that behavior to determine what may have caused the shift in buying behavior. We keep a constant flow of communication with them so we can ensure we are doing our part to keep the business consistent."

Pabst is blessed to own brands that are up to 175 years old and that have been a part of local communities since they were born. Still, he admits that over the ebbs and flows of American life, some of the brands either left their communities or became distant from them. Today, Pabst is committed to ensuring each brand identity is inextricably tied to its local community.

"Our goal is to tap back into that sense of home, because being local is a cornerstone to our local brands," he says. "While PBR's brand focuses on unifying national identity, each individual sub-brand's identity is inextricably linked to its geographic location."

“Loyalty is incredibly important to us and has a significant impact on brand experiences,” he says. “But loyalty can be a bit of a double-edged sword. We want to be loyal to those who are loyal to us, but without it being an inhibitor of future potential. Sometimes, you can overly fixate on existing loyal consumers and forget that you need to be in a constant state of recruiting future consumers.”

Across the industry, authenticity and trust are incredibly important. “There’s an increasingly general mistrust of lifestyle brands and whether or not they’re truly representative of community values and consistent with that,” he says. “Therefore, we work hard to connect at a very real level with our customers and local values.”

Because each of Pabst’s brands is so highly connected to individual communities, to a certain extent, tapping into the values of those communities happens organically. But to take that to a higher level, Pabst has established brand managers in each market to establish even stronger local connections and ensure the brands truly align with the communities they serve. To propel that local engagement even a step further, each brand team has created its own brand advocate network.

“We undertake quantitative analysis around demographics and trends in individual markets, and we will continue to invest in tools that provide us with increased data insights, but the best localized insights we gain are qualitative,” he says. “Therefore, we have established a system in which each brand group forms an advocate network of 20-50 individuals in that city that have been identified as cultural contributors. This includes designers, restaurateurs, bartenders and fashionistas. The brands then build direct relationships with those influencers that can help them understand the shifting nature of the market.”

He says deep relationships with those brand advocates not only provides insights into the local community, but also brings local engagement to the next level. “In one of our markets, we actually use a local artist as the designer for our local ad campaigns,” he says. “The relationships we cultivate with these local community influencers has a profound impact on our ability to enrich our engagement with local communities overall.”

To ensure teams are keeping up with market trends, he says internal training initiatives stress understanding local trends and tying them to overall brand strategies and activities.

“Our marketing method is to build culturally relevant brands, and that is a rigorous, multi-day, multi-module training program that every one of our marketers goes through,” he says. “It starts with understanding the macro-culture, including the consumer, category and shopper. Then it moves into brand dynamics, all the way to execution activities.”

As the values of communities shift, so too must Pabst’s engagement strategies. In order to understand whether current strategies are effective, Pabst engages in tactics like social listening and online sentiment tracking. Currently, the brand is exploring offline sentiments as well, and diving into those to understand the general sentiment consumers have about the brand and how that is changing and evolving over time.

He says the learnings that come from customer insight, especially those that are significant enough to change directional course in the business should be something that is understood cross-functionally to allow a broad organization to head in the same direction. “Alone you might go faster, but together you will go further,” he says. “Therefore, all insights that we believe should lead us to evolve strategically is shared across the entire organization.”



OLGA PANCENKO

Chief Operating Officer
Perrin Paris

PERRIN

Founded in 1893 in France, Perrin Paris started a century-old tradition of expert glove-making in what is still considered the French epicenter of leather goods craftsmanship. Today, the company has expanded to include a cohesive collection of luxury leather goods and accessories. With boutiques in Paris, Los Angeles, New York, Tokyo and Hong Kong, the company is still family-owned and run. Olga Pancenko, Chief Operating Officer and Vice President of Marketing, oversees wholesale, eCommerce, digital marketing and digital growth for the company. She says being a unique luxury brand with a boutique feel gives customers a feeling of belonging, which builds loyalty and creates de-facto spokespeople for the brand as they are excited to share their experience both with the product and with the brand.

Perrin Paris is positioned as a “rare,” niche brand for connoisseurs. With a rich history of glove-making that dates back to 1893, translated into a cohesive collection of luxury leather handbags with an incredibly particular design attracts mostly those who have a strong affinity with architecture, modern art, interior design, the brand creates a sense of belonging for customers to something unusual and special, like a best-kept secret.

“Our unique patented designs are conversation pieces; we know our customers will be asked about the brand when wearing our product, which we look at as an opportunity for them not only to talk about the product, but also the experience with the brand,” Olga says. “Our goal is that our clients encourage other potential clients to shop and engage with us.”

She says the Perrin Paris customers are women of any age, but ones that have great style and appreciate beautifully designed works of art. “Our typical customer has great style, a sense of humor and is open to adventure, particularly with fashion,” she says. “She is looking to accessorize outside of the box of the typical big brand names, and is drawn to Perrin Paris because our products are uncommon, show incredible attention to detail, and are show-stoppers and conversation-starters.”

As the brand looks to expand digital customer engagement, they are defining several types of Perrin Paris customers and learning how to engage with them differently. “It’s important that we recognize that some customers are trendsetters that want something unique before anyone else, while others are shopping for a particular occasion, and still others are browsing for sales during a time-sensitive

season,” she says. “It’s important that we tailor our messaging accordingly, because those tailored messages will have a much greater impact depending on the type of shopper receiving them.”

“Perrin Paris eCommerce operates almost like a real brick and mortar,” she says. “Each customer’s history is studied to be able to best answer his or her needs. No communication is generic. We only solicit the ‘right’ people with the ‘right’ offer.”

In the brand’s brick and mortar locations, it is the job of the Store Manager to oversee communications processes with each individual customer. But whether online or in person, the bottom line remains the same: the customer is the brand’s number one priority and everything, including how the brand communicates with that customer, should be perfectly suitable to his/her lifestyle and personal preferences.

“Five years ago, all email communications with customers were pre-approved by the marketing executive, but today sales associates and store managers are allowed to directly solicit customers via platforms such as Whatsapp and Wechat, which is especially relevant in view of influx of Chinese shoppers,” she says. “Brands only win if they modernize and adapt to the new realities of shopping environment.”

From the moment a given customer is identified as loyal, that customer is assigned a dedicated sales associate so that the customer always talks to the same “familiar face,” aware of client’s purchasing history and stylistic preferences. The application of this tactic in the digital realm bridges that personal connection customers feel when shopping in-store to their online shopping experience.

Loyal customers are also provided with other special treatments such as the fact that with every purchase, they receive a personal, hand-written card or occasional gift. They also get shopping credits on their birthdays and special VIP offers. She says customers appreciate these gestures, and the brand often receives email from customers thanking them for the extra care they receive.

“We always go out of our way to create something truly special for our loyal customers and fans,” she says. “The emotional connection with the brand is so deep that in many cases it goes beyond the normal “customer-brand” relationship. It becomes more of a ‘family affair’ where our true fans support us in ways no ‘regular’ client would and we always return the favor.”

She says trust is developed through the brand narrative and a strong connection to quality. “Our products are manufactured in our beautiful atelier in Saigon, Vietnam, and we have always been vocal with our customers about the fact that the products are made by hand by Vietnamese artisans with the strictest attention to detail,” she says. “We source best quality leather from France – mainly from Hermes-owned tanneries – and all bags are handmade using 1920’s French leather atelier processes: bags are hand-sewn, hand-painted and hand-stitched. Supervised by the French team, each product also goes through three levels of quality control before it is sent to one of our beautiful boutiques or resellers.”

She says in today’s world it’s important that customers understand the process, especially because many French and Italian brands are made in China and then further assembled in the country of origin, which is what makes them “French” or “Italian.” Therefore, transparency in how their goods are made makes customers trust the quality of the product.

“Our core values are transparency, integrity and responsibility,” she says. “All our skins are ethically sourced. Our atelier has fantastic standards and we have practically no turnover of employees. Production standards are very high, working conditions are exceptional. We are transparent about our process and are making efforts to be as sustainable as it is possible. For example, we have replaced our plastic inserts (used to keep the shape of our clutches) with extremely light beautiful supports made from recycled wood.”

She says having such a strong connection to their customers means high levels of participation in customer surveys, which ensures they continue to improve as a brand and make shifts that help the company operate better.

“In a recent eCommerce survey we received valuable feedback in relation to browsing that helped us to make some very important adjustments,” she says. “Oftentimes when you’re on the inside, you are so used to certain things that you don’t see things that someone from the outside might see. Other luxury brands have a reputation of being non-collaborative with customers, but at Perrin Paris we want to engage with our customers and learn from them. We reward our customers for their feedback through things like gift cards redeemable to their next purchase.”

When it comes to such a rare product, there is no better way to a successful customer acquisition than a straightforward recommendation. Until now, luxury brands have mainly stayed away from loyalty programs, Perrin Paris is exploring rewards models for recommendations.

“We already offer special treatment to customers that bring us new clients, often time in form of gifts or special shopping credits aligned with a specific occasion,” she says. “Doing so in a more streamlined and organized way could work wonders in terms of existing customer retention as well as new customer acquisition.”



NIHARIKA SHAH

Chief Brand Officer
Prudential Financial



Founded in 1875, Prudential Financial has helped customers achieve financial security for over 140 years. Today, Prudential is one of the world's largest financial services institutions, offering individual and institutional clients a wide array of financial products and services. With operations in the United States, Asia, Europe and Latin America, Prudential is recognized worldwide as a trusted brand and one of the world's most admired companies. The organization measures its long-term success on its ability to deliver value for shareholders, to meet customer needs and to attract and develop the best talent in the industry. Niharika Shah, who has held executive-level roles at the organization for nine years, says trust is the ultimate condition for customer loyalty.

“Loyalty for us is an emotional concept first and a quantitative one second,” Niharika says. “The first step in establishing loyalty is to earn and keep the trust of our customers and our customer prospects. We are in the business of making long-term commitments, and our ability to deliver on those commitments is what our customers are purchasing. We don't sell things people can touch; we sell things that people can feel – whether that's security or enrichment of life.”

That emotional concept of trust can be measured by looking at the lifelong commitment customers make to the organization, and how their investments with Prudential are maintained or grow over time. “Prudential offers multiple solutions over our customers' lifetime that enrich financial wellness,” she says. “The retention of assets over their lifetime within Prudential and their choices to invest in more solutions with the organization are a good way to measure the impact of loyalty at a quantitative level.”

Trust is particularly important when it comes to financial investments, and Prudential's reputation over generations has helped to foster a high level of customer loyalty. “The financial services category is not a high-trust/high-engagement category, so it is important for any financial institution to work very hard to earn and keep the trust of their clients,” she says. “Our mandate is always first and foremost to ensure we maintain the highest level of integrity and security for our clients.”

The second most important metric people have for the financial organization they choose to do business with is whether they can act as a partner for significant life decisions. “People are making decisions about money on an everyday basis, and some of those decisions – like investing money or buying an insurance product or an income product – require a high level of consideration,” she says.

“Prudential is able to engage with clients to help them make those decisions, which over time helps us to become a provider of choice.”

Gaining and retaining loyalty also comes down to communicating in ways that are relevant to clients and client prospects. “Relevancy in communication requires a macro needs-based segmentation, which is both a psychographic and demographic assessment of customer needs,” she says. “Once that more scientific segmentation is complete, we look at the more artistic side of the equation, which is to create compelling and creative messaging.”

To communicate effectively requires a significant amount of data. Prudential closely analyzes aggregate data that identifies patterns of behavior in terms of what people are looking into from the lower end of the funnel all the way to the top of the funnel, to then find the appropriate moments to get the right message to the right person at the right time.

She says Prudential's values is not something that is necessarily communicated explicitly, but rather infused into their products, solutions and customer relationships. “In a time when there is a lot of talking, we as a brand feel it is important to listen,” she says. “By virtue of that listening, we build credibility as a brand and show our clients that we understand their needs and are right there with them.”

For example, Prudential's new ‘State of Us’ campaign tours cities across America to take on issues that stand between people and their financial wellness. Rather than run campaigns that simply express the products Prudential provides, the brand uses storytelling and real-life examples of the issues people are facing to demonstrate the solutions they can bring to tackling those issues.

When it comes to data privacy standards, she says GDPR has impacted everything from how media budget is invested to the platforms they are using. But with that being said, it hasn't changed their philosophy on data. “Our philosophy is to only use the data that will enhance the relationship and bring more value to our clients,” she says. “And as a financial services company, we have always had the highest levels of privacy standards and compliance.”

Prudential has a wide variety of clients, from large institutions who look to Prudential to handle money on their behalf, to employers that provide group or retirement benefits, to financial advisors that sell solutions to individuals, all the way to the end individual. Prudential is aggregating feedback across that entire spectrum through a variety of techniques, including social listening, call-center feedback and monitoring tools that help them gauge customer sentiment.

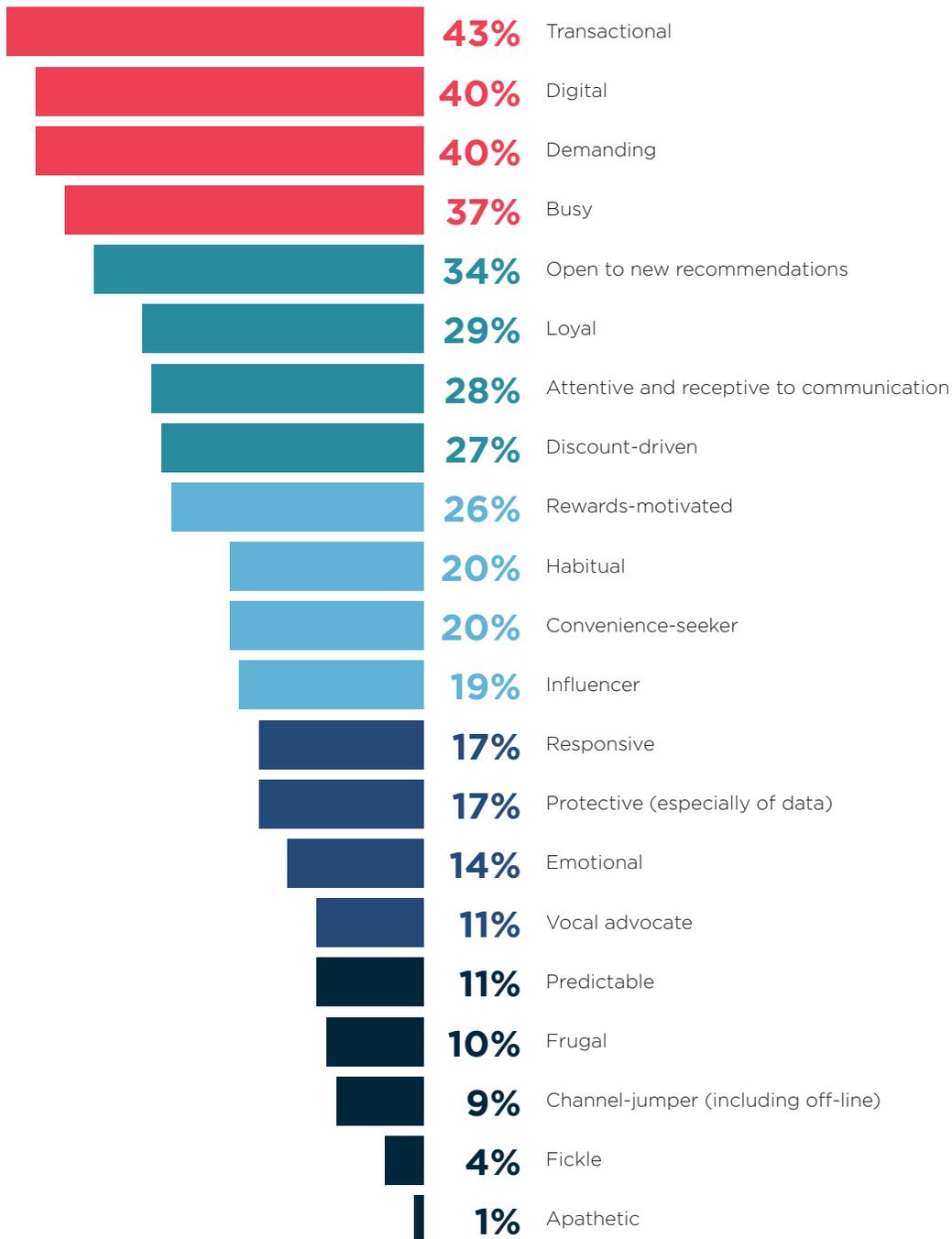
That feedback is aggregated via Prudential's ‘Voice of Customer’ practice. In recent years, they have integrated an AI-based platform to make research insights from customer feedback available across the entire organization. This has in turn is beginning to have a strong impact on both marketing strategy and product design.

Prudential has a strong history as a B2B player, but is now transforming itself to bring value directly to individuals. This transformation requires fundamental shifts across culture, capability and process. It also requires new ways of thinking about customer loyalty.

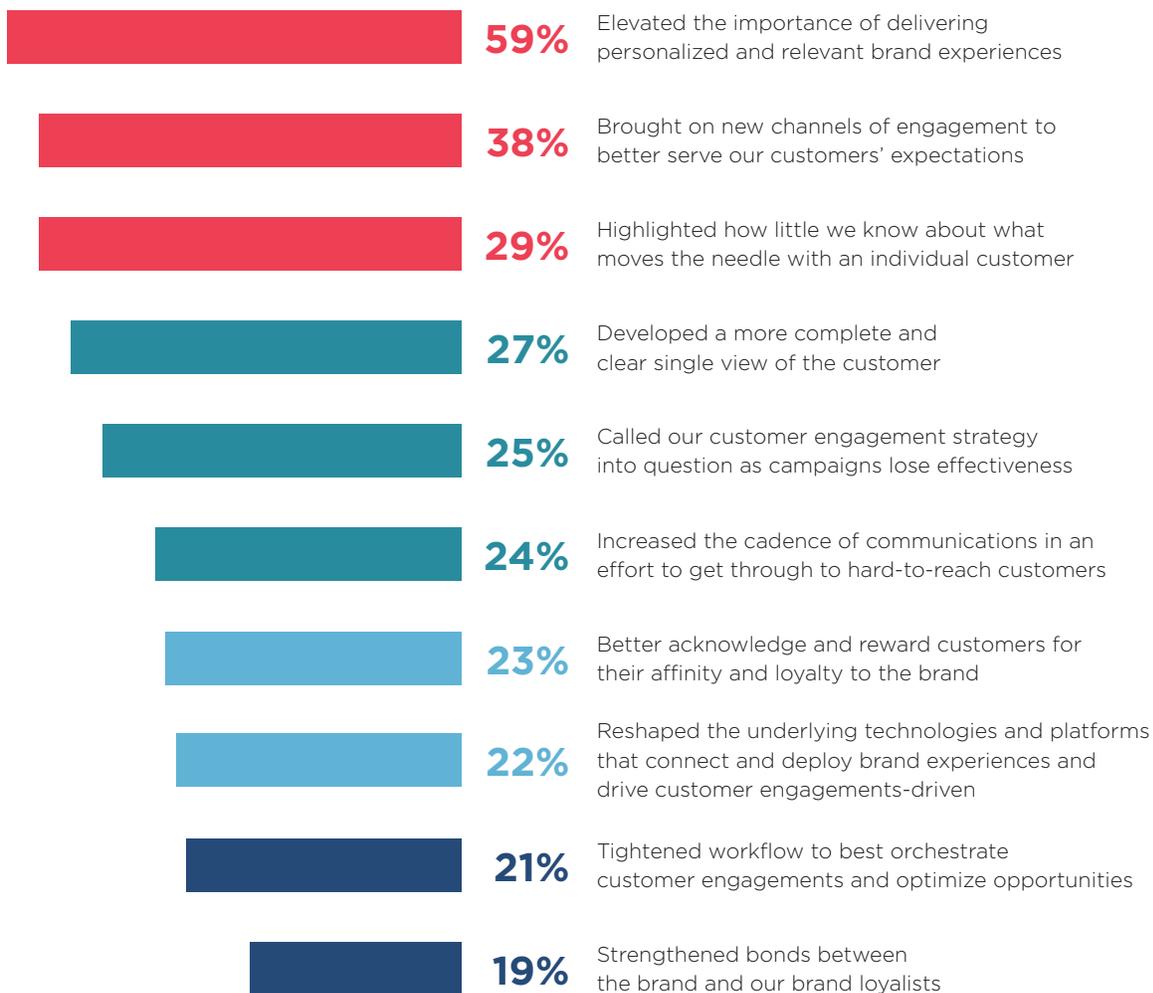
“When it comes to the individual, you have to appeal to both head and heart,” she says. “The heart will make you lean in, but that head compels action. It’s that unique combination of using data as well as emotion to create stories that resonate and will eventually drive brand purchase and loyalty. The shortest distance between an individual and a brand is a story that connects with their lives. We want to make those stories as relevant, compelling and hard-hitting as we can to make it to both head and heart.”

DETAILED FINDINGS

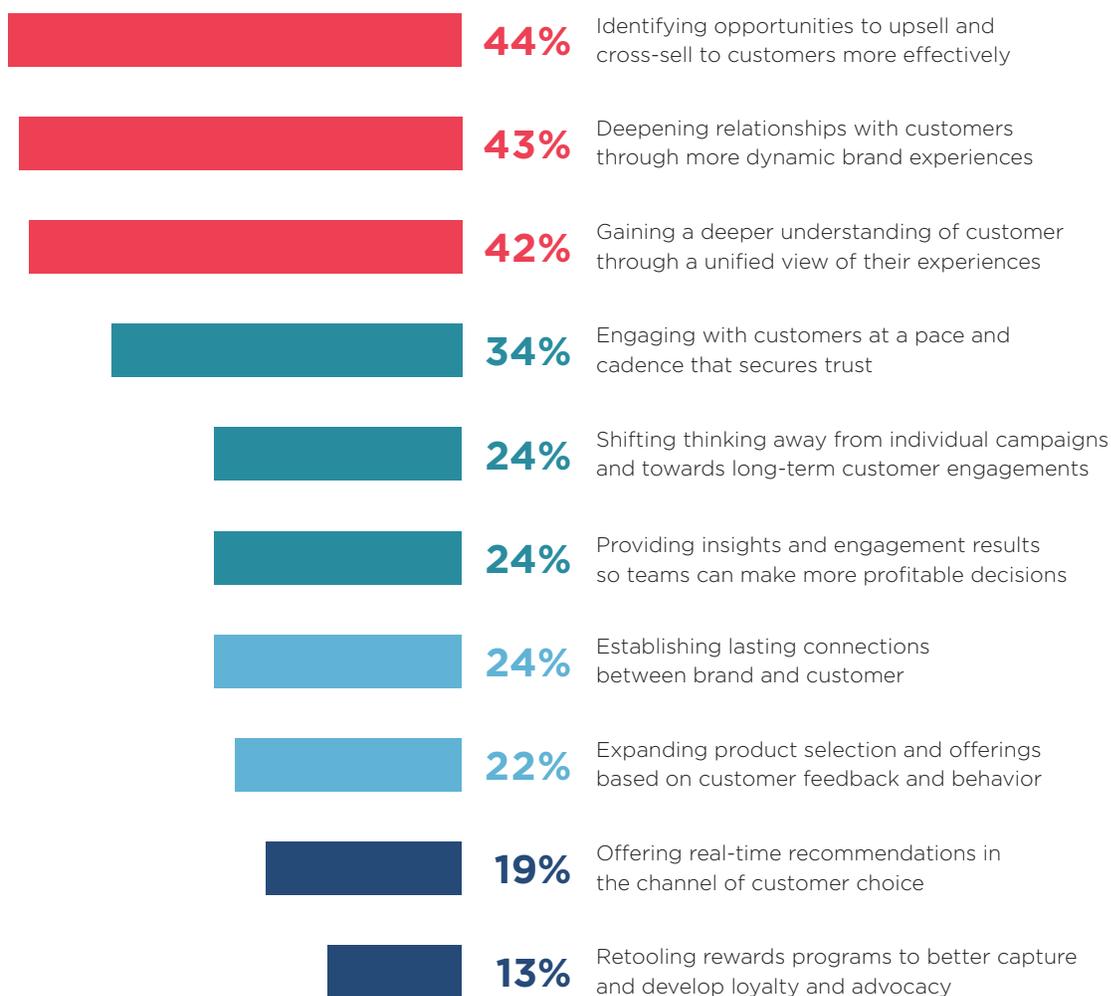
Q1 | Of the attributes below, which can be used to best describe your customer? (Select top 5)



Q2 | How have these attributes impacted how you develop customer relationships? (Select top 3)



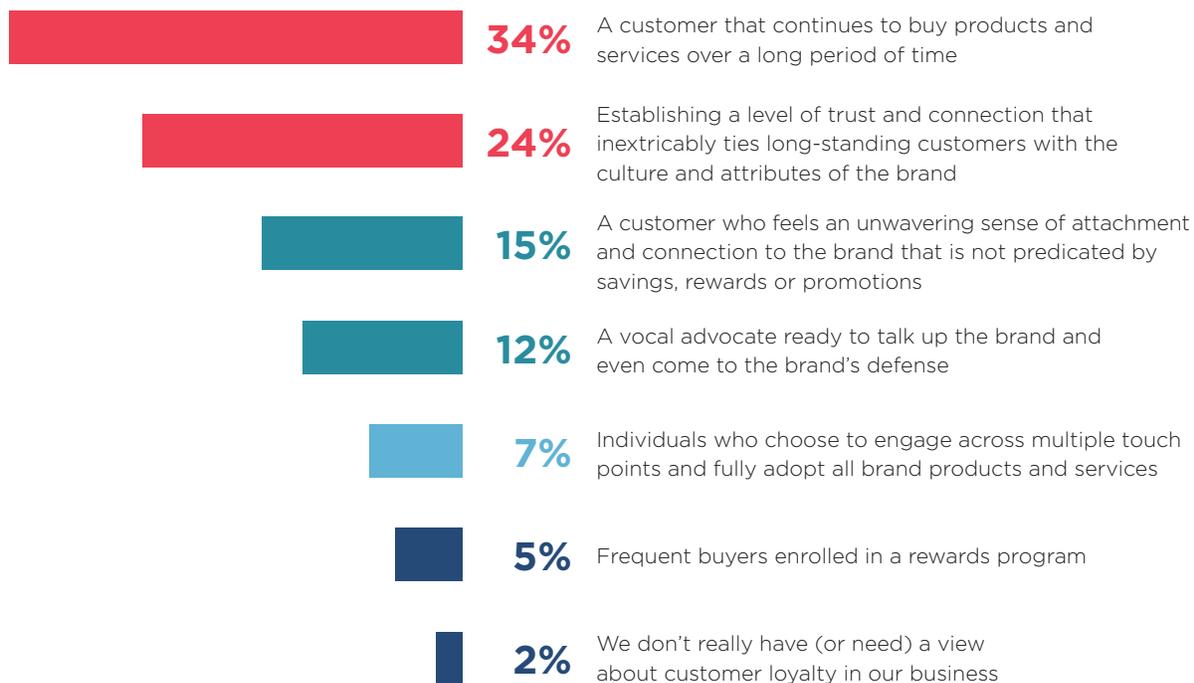
Q3 | Looking at the next 12 - 18 months, of the following goals, where will you look to help drive optimal growth and profitability? (Select top 3)



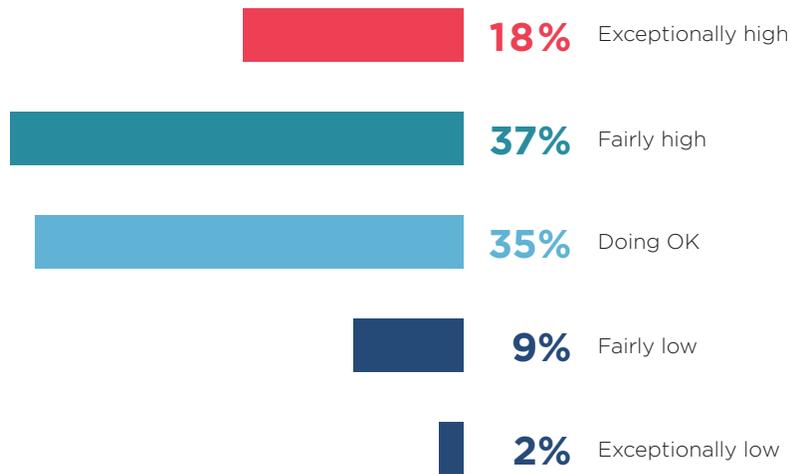
Q4 | How confident are you that you have the right strategies in place to meet these goals?



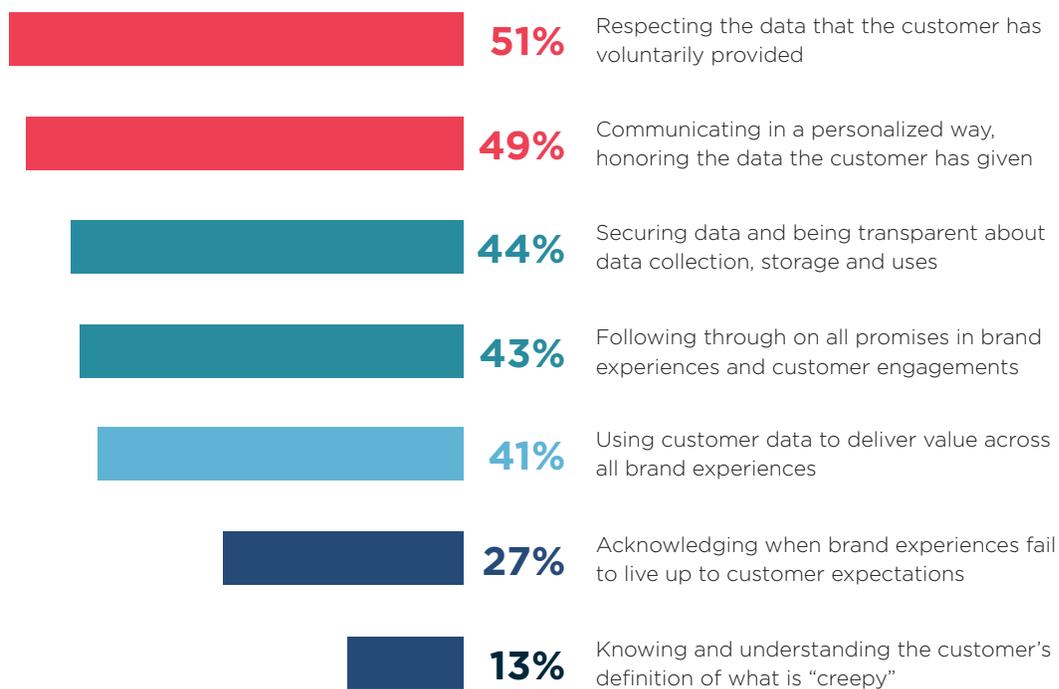
Q5 | What best defines how your organization views “customer loyalty”?



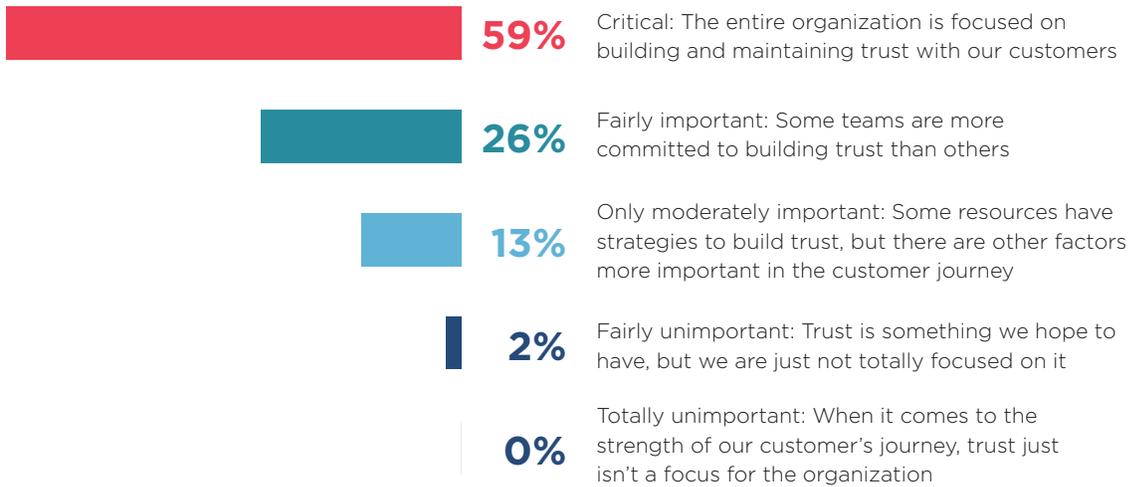
Q6 | Rate your organization's ability to follow through on the privacy, permission and personalization promises being made to the customer.



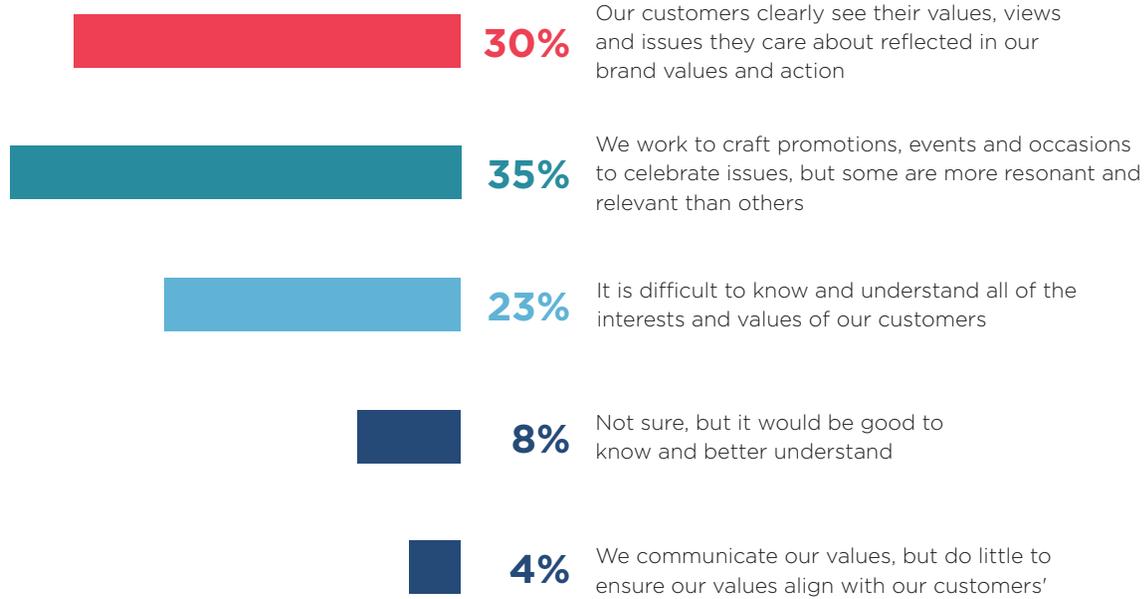
Q7 | Of the attributes below, which has your brand prioritized in order to secure trust between your brand and your customer? (Select top 3)



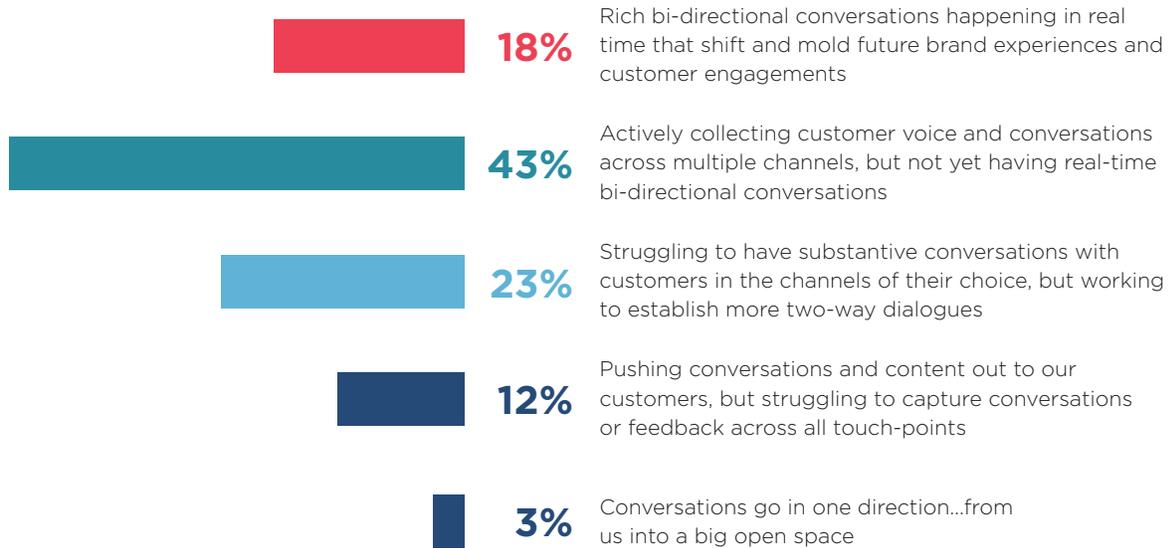
Q8 | How important is securing and nurturing customer trust across the entire organization (including teams that sit outside of marketing’s purview and influence)?



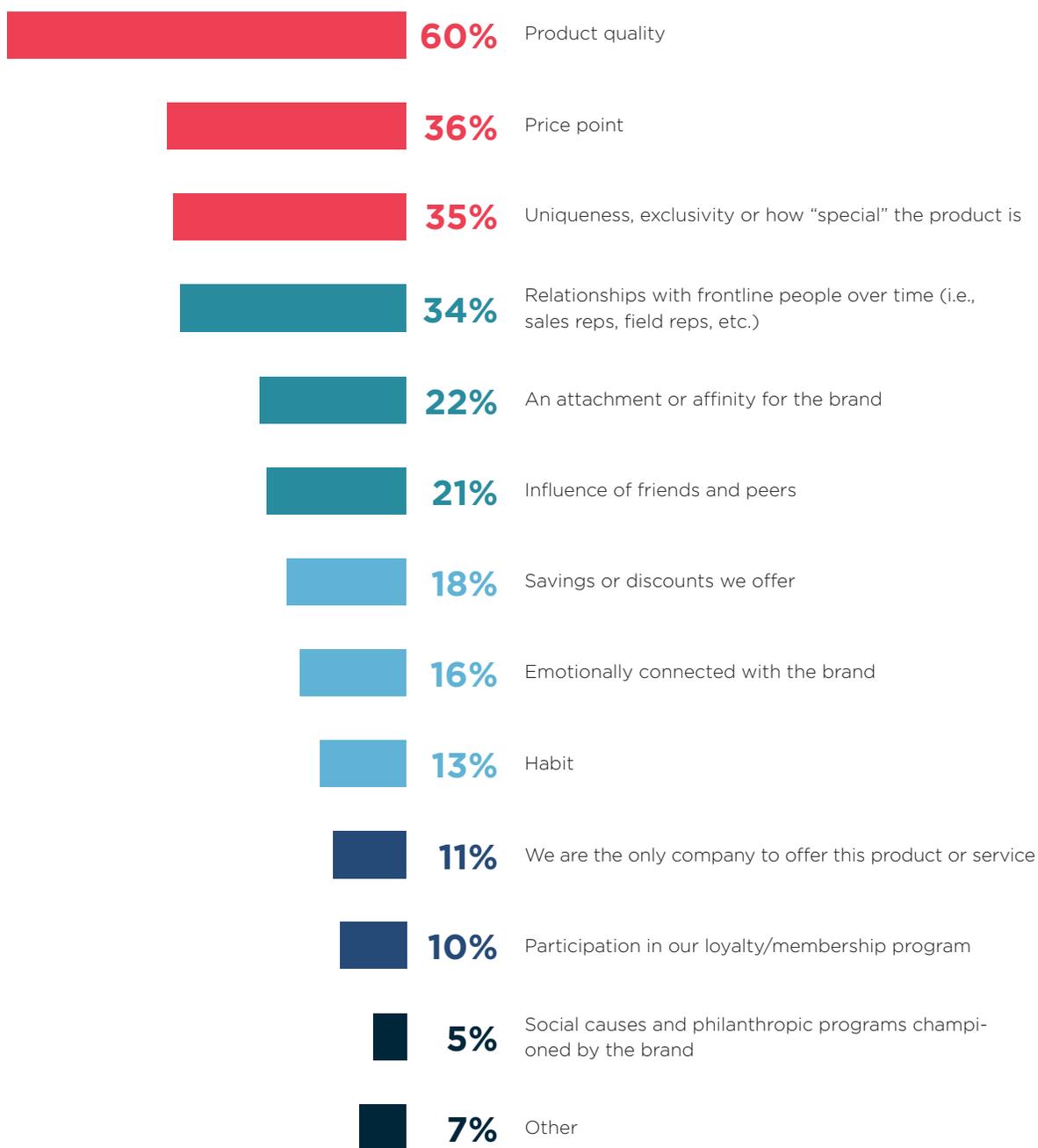
Q9 | How tightly aligned are your brand’s values and views with those of your customers?



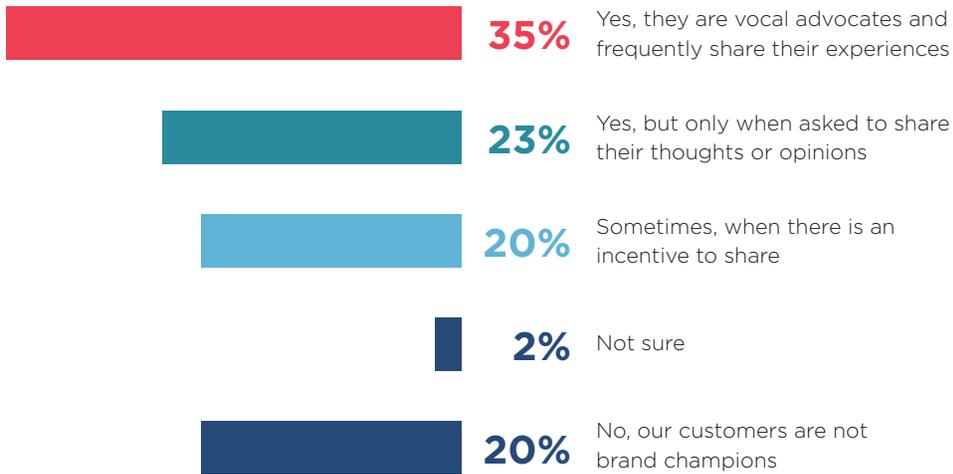
Q10 | What best describes the depth of conversations you are having with your customers?



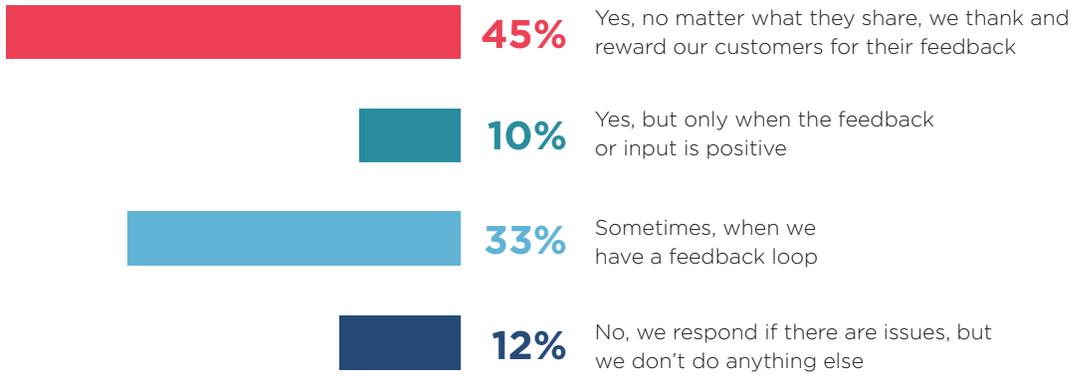
Q11 | What drives or motivates your customers to buy from your brand?
(Select top 3)



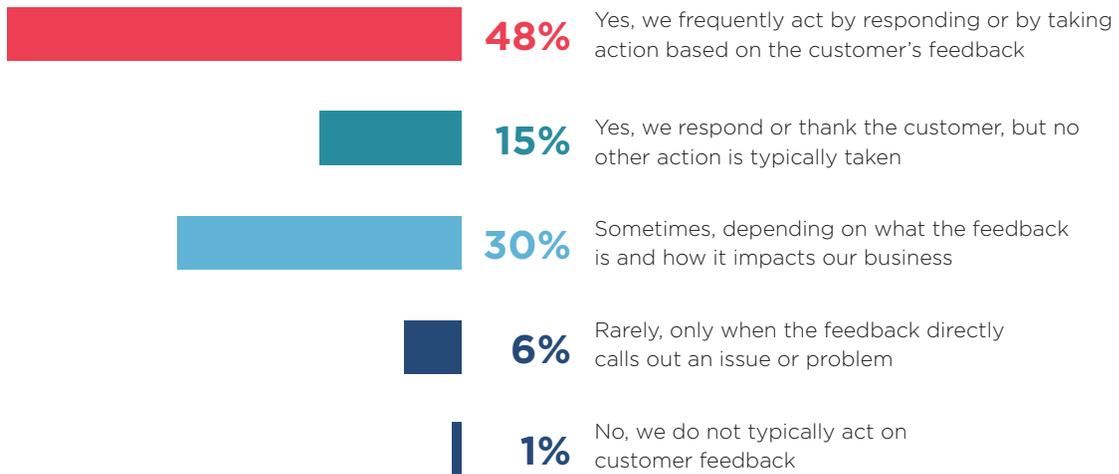
Q12 | Do your customers champion or advocate for your brand in social or digital channels (including channels of user-generated content)?



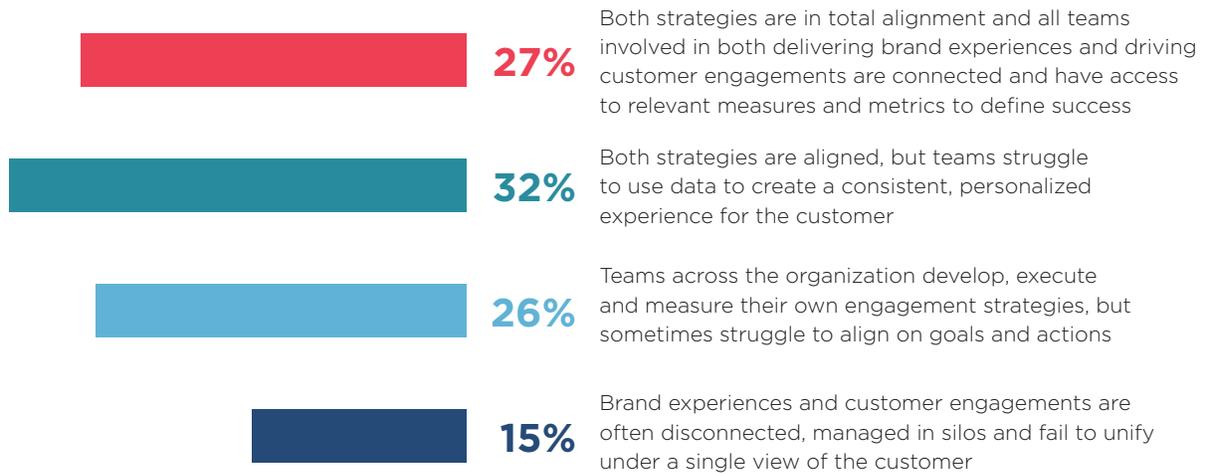
Q13 | Do you reward or thank your customers for sharing their thoughts and feedback, both positive and negative?



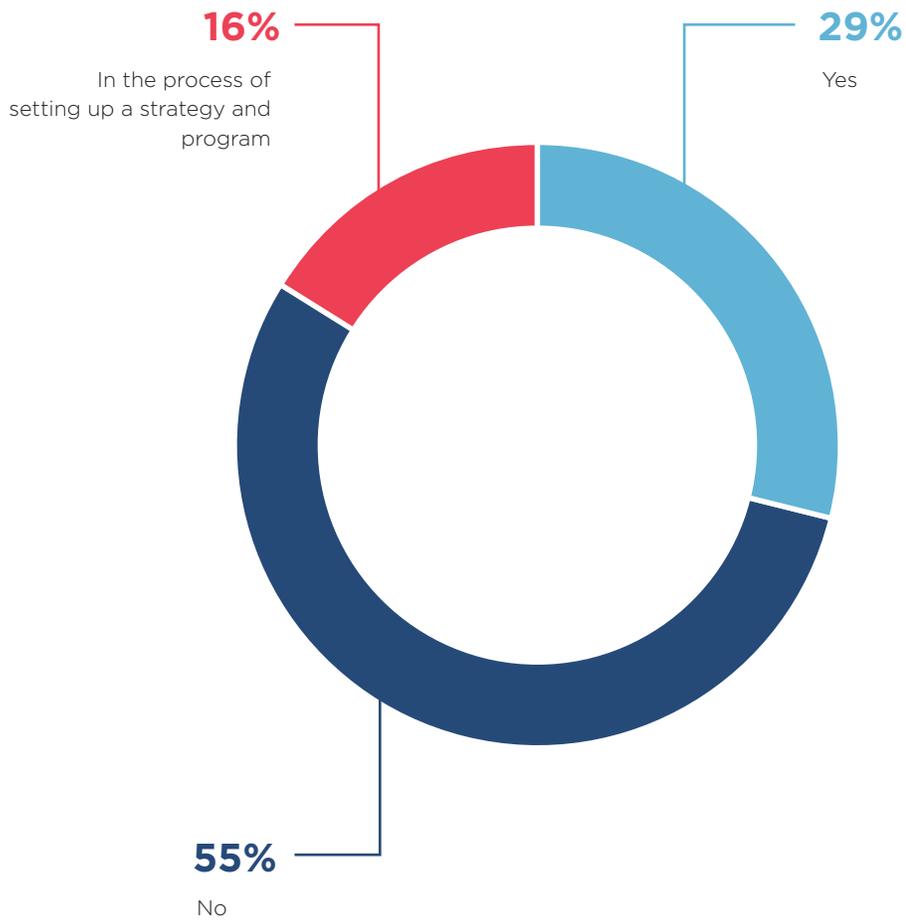
Q14 | Do you act on the thoughts or feedback provided by your customers?



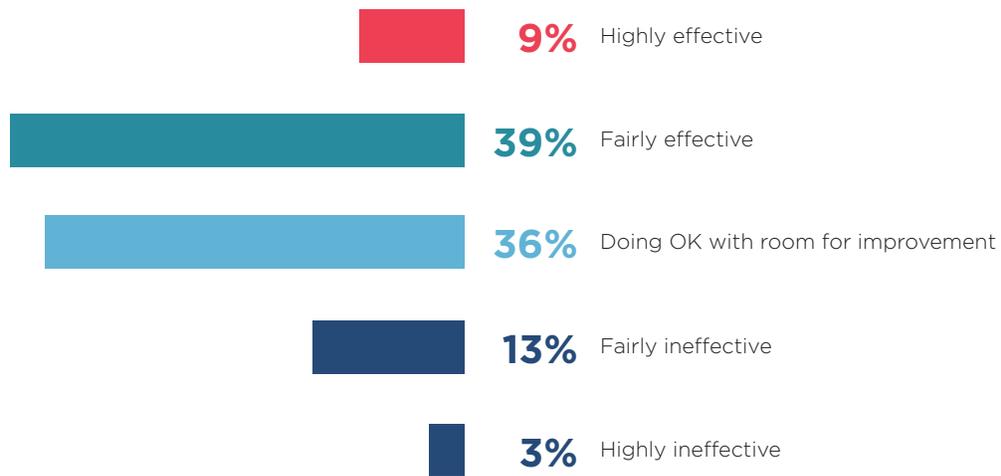
Q15 | How aligned are marketing's brand experience strategies with the company's overarching customer engagement strategies?



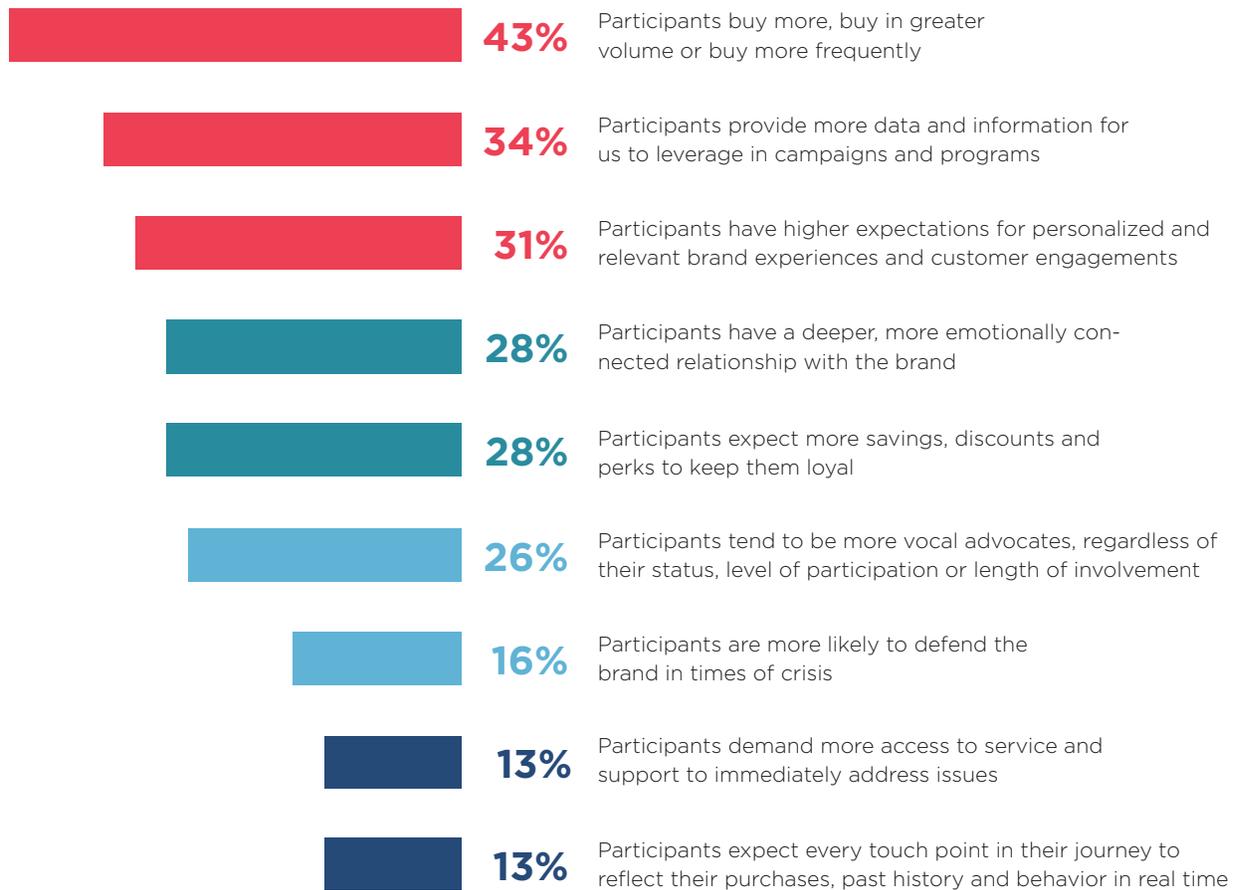
Q16 | Do you currently have a loyalty or rewards program?



Q17 | How effective is your loyalty program in building deeper connections and relationships with your customers?

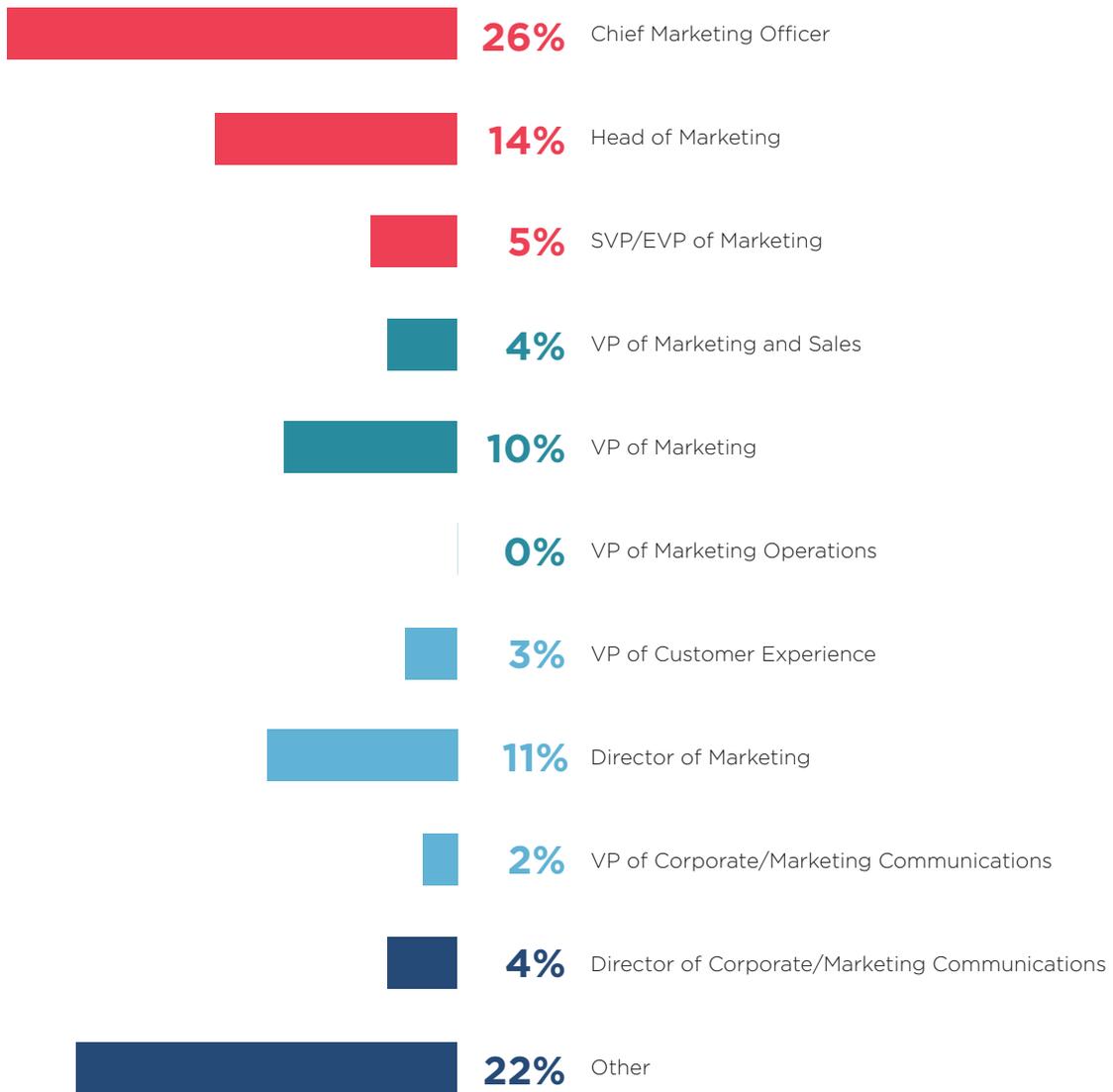


Q18 | How do customers who participate in the loyalty program differ from customers who don't participate? (Select top 3)

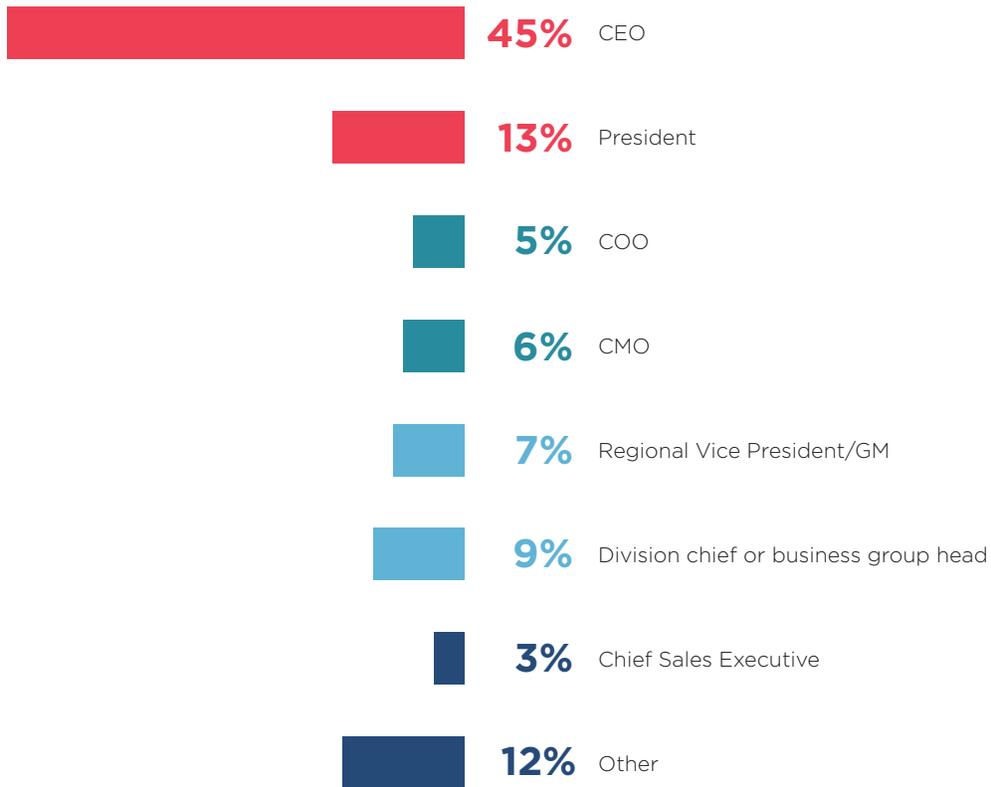


DEMOGRAPHICS

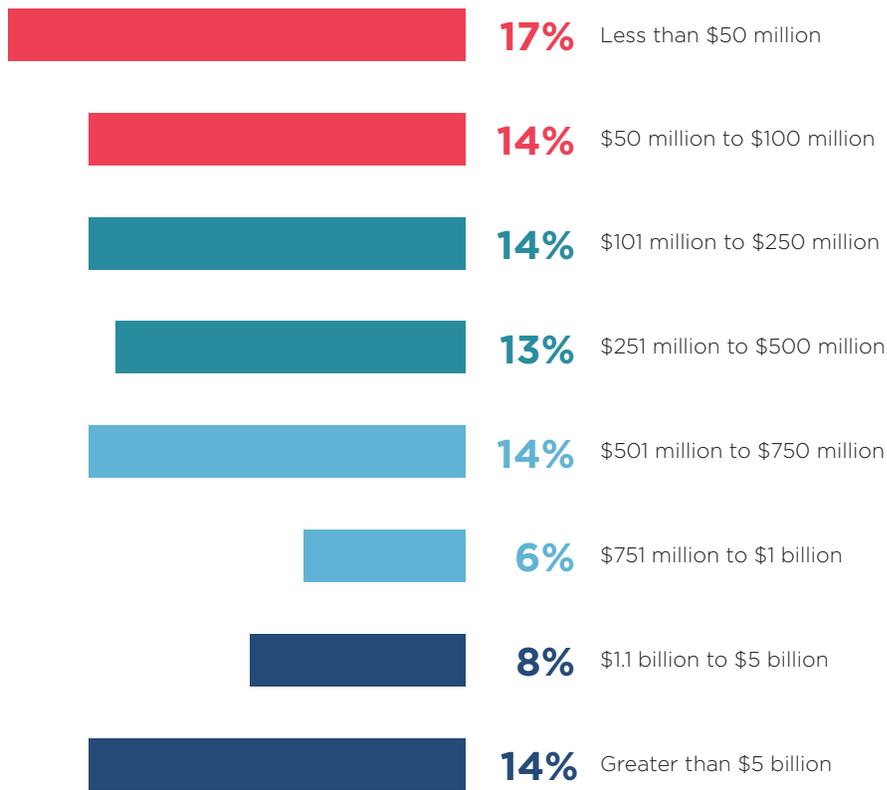
Q1 | What is your title?



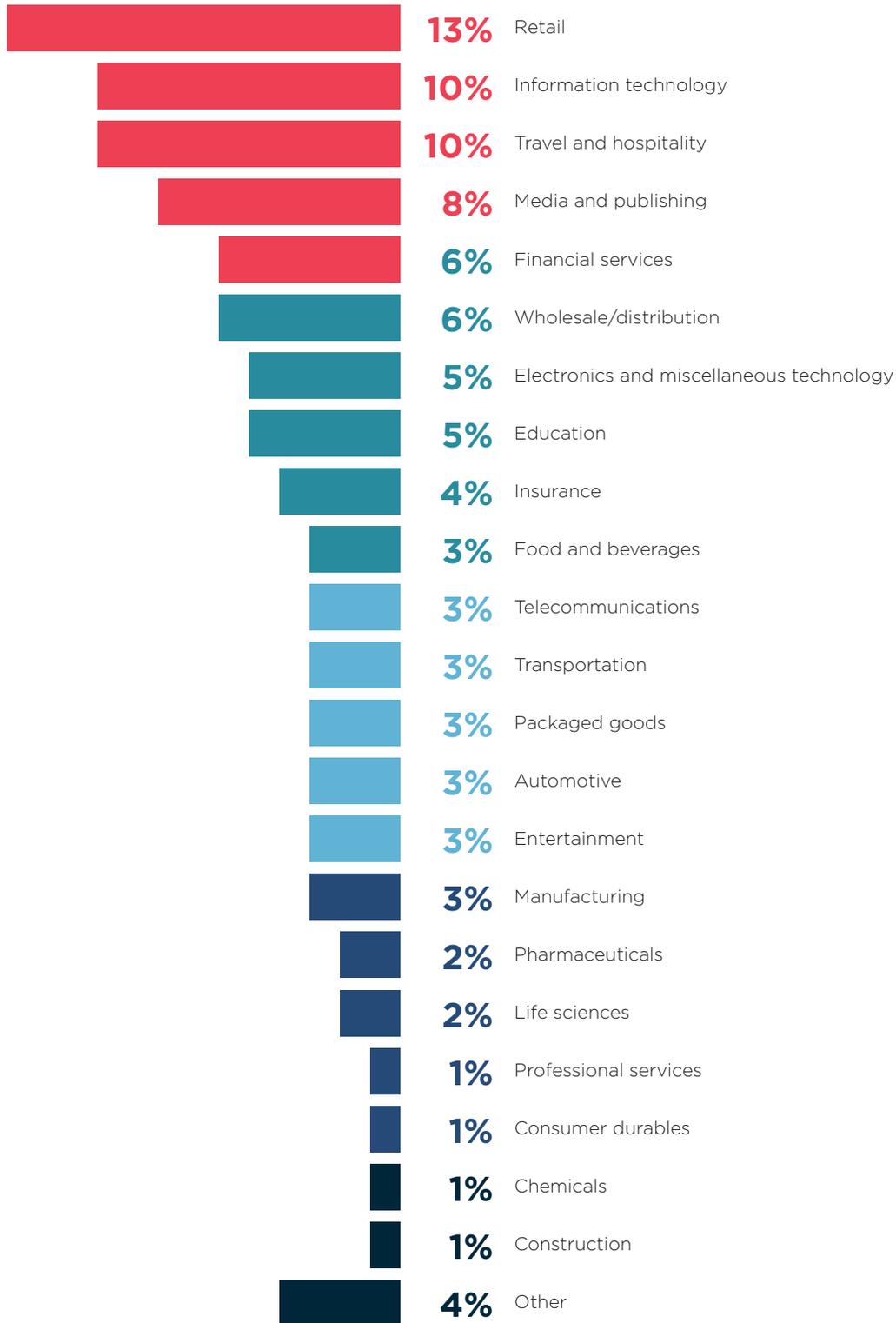
Q2 | To whom do you report?



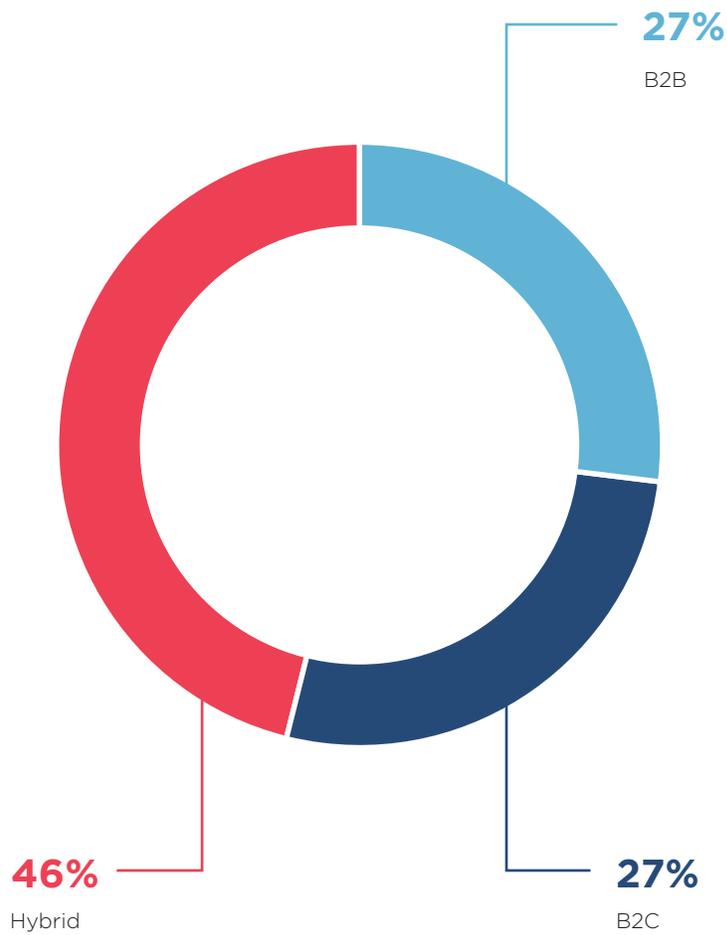
Q3 | How large is your company in USD Revenue?



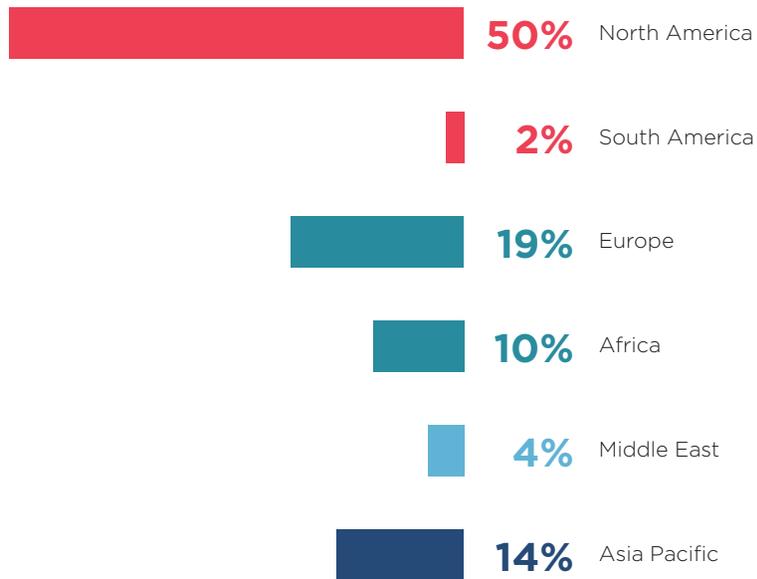
Q4 | What best describes your company's industry sector?



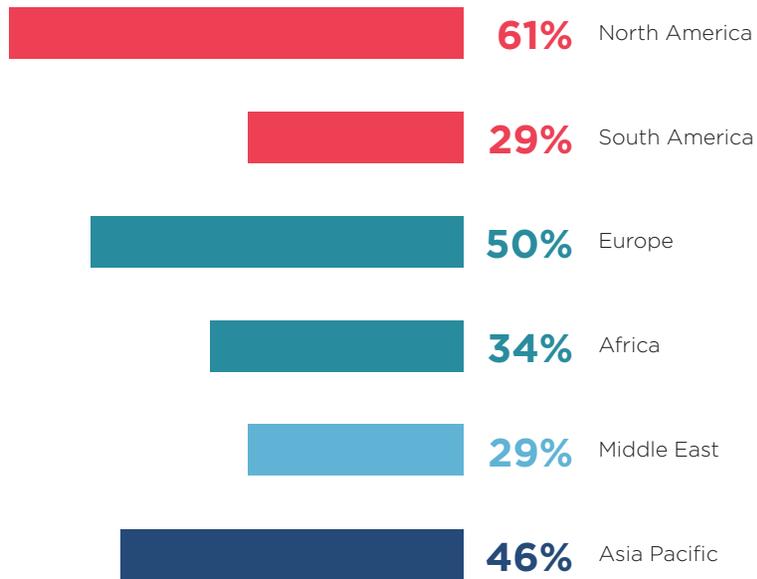
Q5 | How would you describe your company's market focus?



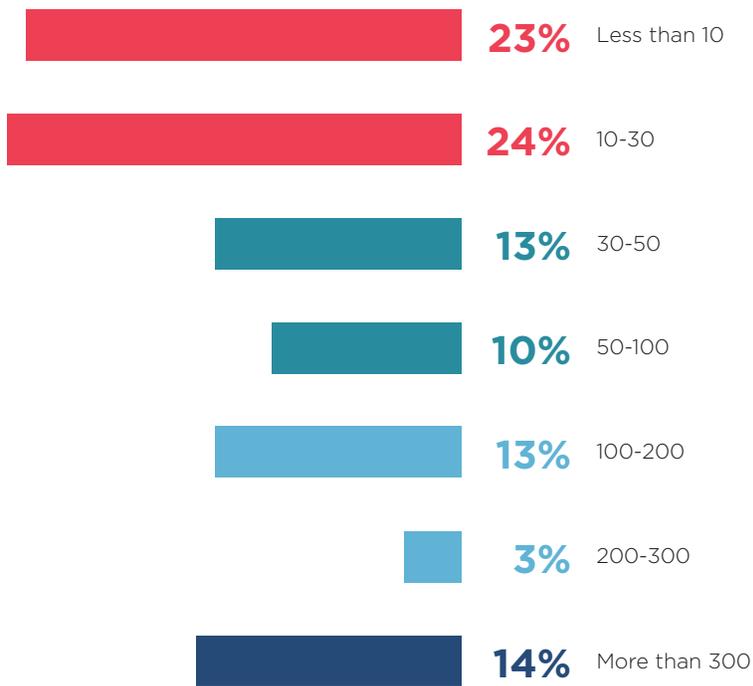
Q6 | In which region is your company headquartered?



Q7 | In which region(s) does your company operate?



Q8 | How large is your staff/team?





ABOUT THE CMO COUNCIL

The Chief Marketing Officer (CMO) Council is dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide-range of global industries. The CMO Council's 15,000+ members control more than \$500 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include over 65,000 global marketing and sales executives in over 110 countries covering multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia Pacific, Middle East and Africa. The Council's strategic interest groups include the Customer Experience Board, Digital Marketing Performance Center, Brand Inspiration Center, Marketing Supply Chain Institute, GeoBranding Center, and the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE).



ABOUT CHEETAH DIGITAL

Cheetah Digital is a cross-channel customer engagement solution provider for the modern marketer. The Cheetah Digital Customer Engagement Suite enables marketers to create personalized experiences, cross-channel messaging, and loyalty strategies, underpinned by an engagement data platform that can scale to meet the changing demands of today's consumer. Many of the world's best brands, including American Express, Hilton, Walgreens, and Williams-Sonoma trust Cheetah Digital to help them drive revenue, build lasting customer relationships, and deliver a unique value exchange throughout the entire customer lifecycle. To learn more, visit www.cheetahdigital.com.

PARTNERS & AFFILIATES



QUALTRICS

Qualtrics is a leading global provider of enterprise data collection and analysis products for market research, voice of customer, employee performance, and academic research. Through an intuitive, easy-to-use interface and award-winning services and support, Qualtrics products enable both professional and DIY researchers to conduct quantitative research at a lower cost and in less time than competing alternatives. Founded in 2002, Qualtrics has more than 5,000 clients worldwide, including half of the Fortune 100, more than 1,300 colleges and universities, and 95 of the top 100 business schools. For more information and a free trial, visit www.qualtrics.com.



NETLINE

NetLine is the world leader in business content syndication aimed at driving buyer engagement, customer lead acquisition and sales pipeline performance. Its Precision Targeting Engine™ and global multi-channel network of more than 15,000 website properties enable BtoB marketers to reach a diverse audience of more than 75 million business professionals across 350-plus industry sectors. NetLine's multi-channel content delivery model allows for brand customization, content adaptation and flexible market access through publisher websites, expert blogs, email, search engines, social media networks, e-newsletters and mobile. Founded in 1994, NetLine Corporation is privately held and headquartered in Los Gatos, California, with operations across the globe. For more information, visit www.netline.com.