Better Brand Management Summer Series
Session Three

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Summer Series Segments

CREATING MEANINGFUL
RELATIONSHIPS WITH CUSTOMERS

MAXIMIZING CUSTOMER
RELATIONSHIP VALUE

THE PURSUIT OF LIFETIME
RELATIONSHIPS WITH CUSTOMERS

Pursuing Lifetime Relationships with Customers

- What is Brand Loyalty and why does it matter?

- Foundational elements of brand loyalty – things you need to know and things you need to do

- How to build brand loyalty and how to reestablish brand loyalty and customer relationships

Before we dive in

This presentation is for educational purposes only and opinions, comments or information shared, or discussed are solely those of the presenter.
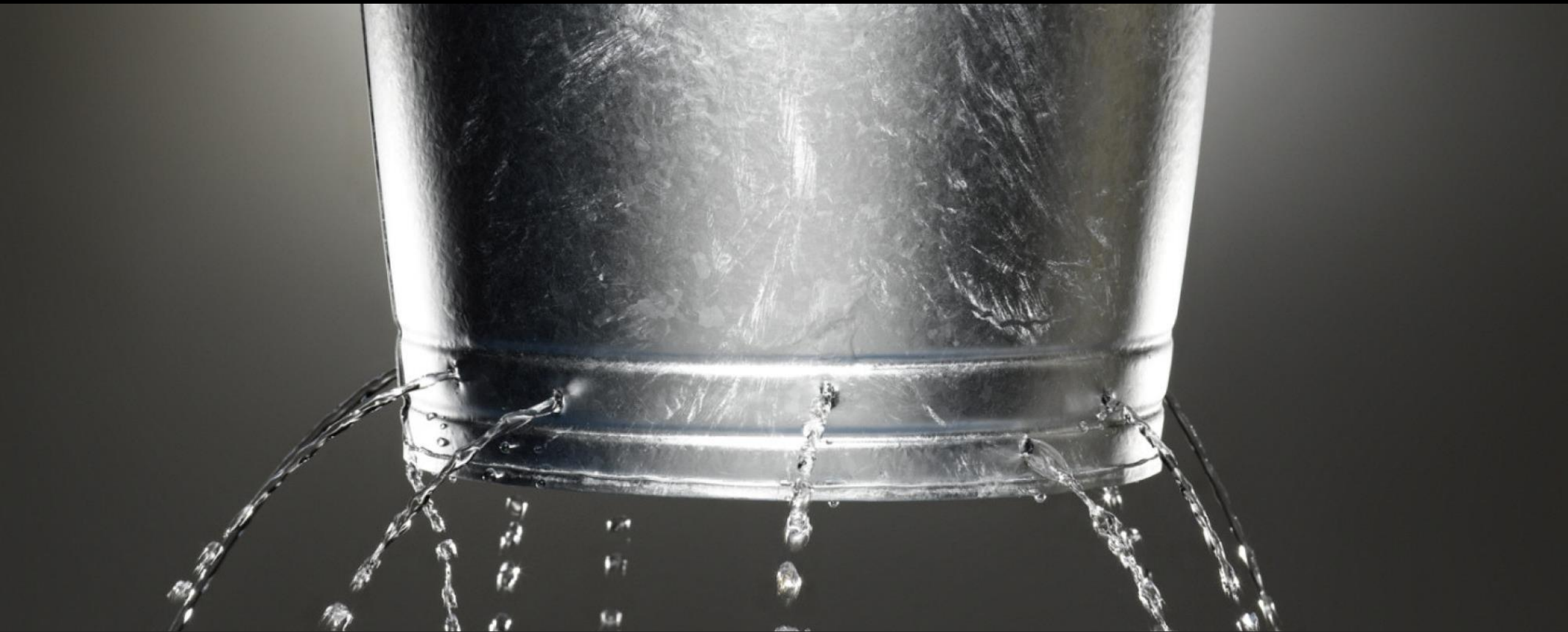
Who is this Guy

Brands like to date but few like to get married

Value of Relationships

LOYAL CUSTOMERS ARE 5 TIMES MORE LIKELY TO BUY AGAIN AND 4 TIMES MORE LIKELY TO REFER A FRIEND

The Churn Challenge

SIX TIMES MORE COSTLY TO GET A NEW CUSTOMER THAN RETAIN A CURRENT CUSTOMER

Pareto Principle

PRINCIPLE OF "VITAL FEW"

Maximizing Customer Lifetime Value vs Maximizing Profits

CONSTANT CORPORATE TUG OF WAR

Finite vs Infinite Game Theory

SIMON SINEK

MAXIMIZING CUSTOMER RELATIONSHIPS THROUGH APPLICATION OF A JUST CAUSE AND WHAT'S BEST FOR THE CUSTOMER AND OTHERS

Finite Games	Infinite Games
Known players	Known and unknown players
Fixed rules	No agreed-upon rules
Game ends at a certain point	Game never ends
"Winners" and "losers"	No such thing as "winning"
"What's best for ME?"	"What's best for OTHERS?"
Focus on stats (followers, fans, $$)	Focus on legacy (quality writing)

What is Loyalty?

"CUSTOMER LOYALTY CAN BE DEFINED AS A CUSTOMER'S FAITHFULNESS AND COMMITMENT TO A PRODUCT, SERVICE OR BUSINESS. THE MEASURE OF LOYALTY IS OFTEN BASED ON A BRAND PREFERENCE, THE LEVEL OF SATISFACTION, THE FREQUENCY OF PURCHASE, FIDELITY, PRICE SENSITIVITY, AND BRAND ADVOCACY"
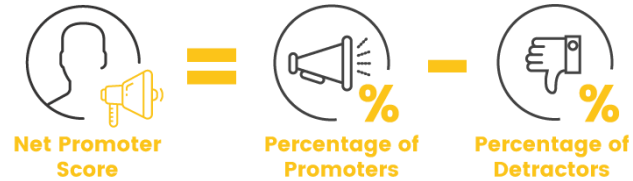
A LOYAL CUSTOMER:
- believes in the value of your offering
- considers you the best available choice
- continues to choose you over the competition

Measuring Customer Loyalty

CUSTOMER LIFETIME VALUE, NET PROMOTER SCORE, REPEAT PURCHASE RATE, ENGAGEMENT RATE,

Net Promoter Score = **Percentage of Promoters** % − **Percentage of Detractors** %

Repeat Purchase Rate (RPR) = **Number of Customers Who Bought More Than Once (365 Days)** divided by **Total Number of Customers (365 Days)**

Customer Lifetime Value (CLV) = **Customer Value (CV)** X **Store's Average Lifespan (t)**

Redemption Rate (RR) = **Number of Coupons Redeemed** divided by **Number of Coupons Issued**

Brand Loyalty vs Habit

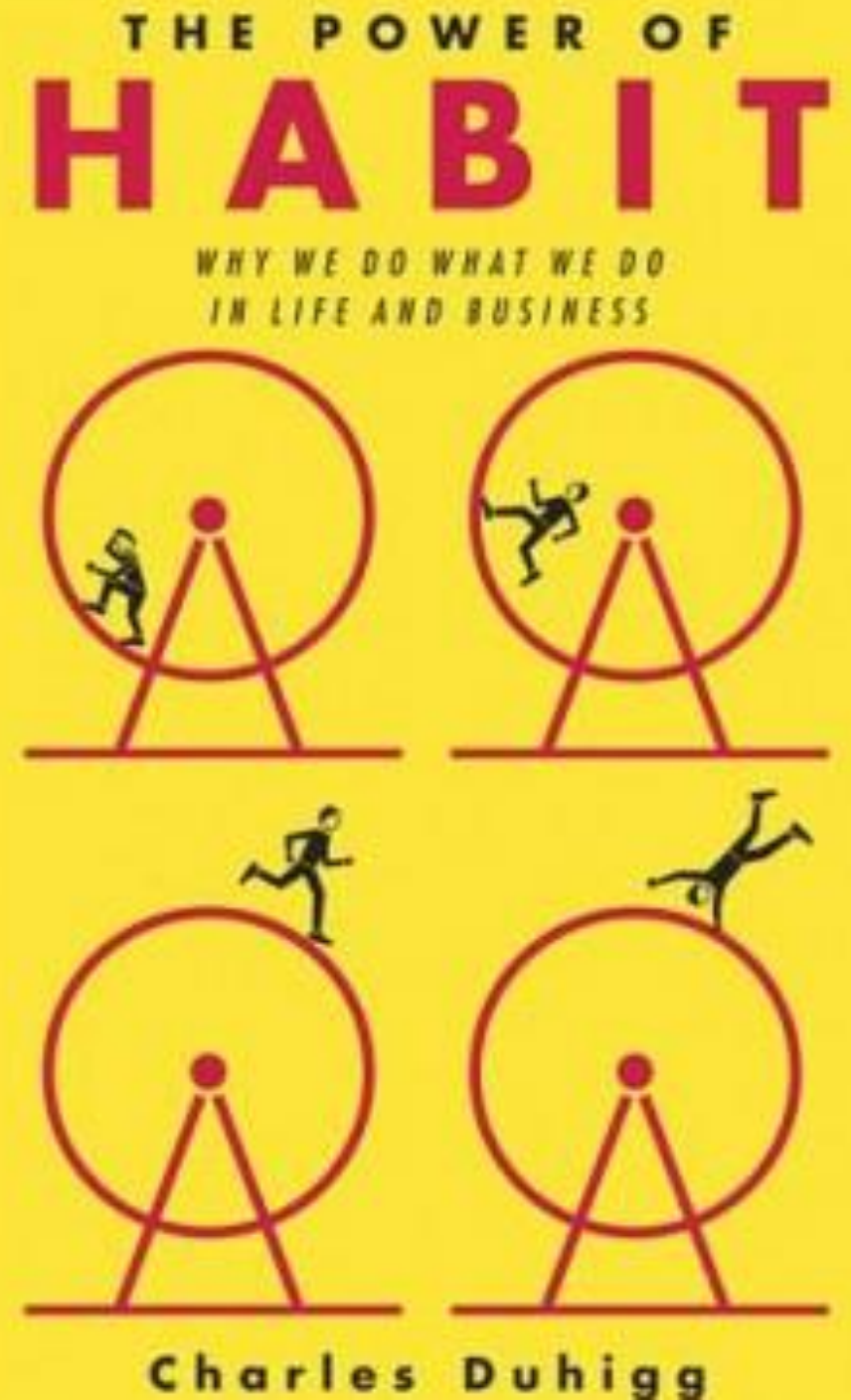WHAT IS THE DIFFERENCE AND WHY DOES IT MATTER

The Habit Loop | NEUROLOGICAL LOOP THAT GOVERNS ANY HABIT

Habitual Customer Profile

45% OF CUSTOMER BEHAVIOUR IS HABITUAL LOW INVOLVEMENT, LOW DIFFERENCES, LOW ATTITUDE TO BRAND

Brands that rely on habitual commitment

18 DAYS TO 254 DAYS - ON AVG 66 DAYS FOR A NEW BEHAVIOR TO BE AUTOMATIC

2020 Customer Loyalty Leaders

marketing charts

Brand	Category	2020 Rank	2019 Rank
Amazon	Online Retail	1	1
Netflix	Video Streaming	2	6
Amazon	Video Streaming	3	7
Apple	Smartphones	4	8
Domino's	Pizza	5	15
Google	Search Engine	6	2
Disney	Video Streaming	7	new
Home Depot	Home Improvement Retail	8	37
WhatsApp	Instant Messaging	9	12
Samsung	Smartphones	10	3

Loyalty vs Situational Importance

IS THIS THE COVID EFFECT?

Most Loyal Brands

UNIQUE, IRREPLACEABLE, NOSTALGIC

Harley Davidson – Fierce Loyalty

LIFESTYLE, EVENTS, MERCHANDISE, PRODUCT VALUE, BRAND IMAGE TIED TO SELF IMAGE OF CUSTOMERS

Uber– Fierce Loyalty

EXEMPLARY PRODUCT – WAY BETTER TAXI, OUTSTANDING CUSTOMER SERVICE, CONSTANT INNOVATION, FOSTER A COMMUNITY OF CUSTOMERS

Most Trusted Brands

Rank 2021	Canada's Most Trusted Brands for 2021		Score Change	Rank 2021	Canada's Most Trusted Brands for 2021		Score Change
1	CAA	Canadian Automobile Association 2020 Ranking: 1	↑	7	Home hardware	Home Hardware 2020 Ranking: 9	↑
2	dyson	Dyson 2020 Ranking: 4	↑	7	MEC	Mountain Equipment Company (MEC) 2020 Ranking: 1	↓
3	LEGO	LEGO 2020 Ranking: 9	↑	7	Quaker	Quaker Oats 2020 Ranking: 23	↑
4	Interac	Interac 2020 Ranking: 16	↑	10	LACTALIS CANADA	Lactalis Canada (formerly Parmalat) 2020 Ranking: 70	↑
4	President's Choice	President's Choice 2020 Ranking: 14	↑	10		Canadian Tire 2020 Ranking: 7	⇔
6	COSTCO WHOLESALE	Costco Wholesale 2020 Ranking: 3	↓	10	Indigo Chapters Indigo	Chapters/Indigo 2020 Ranking: 33	↑

MOST TRUSTED BRAND IN CANADA
MARQUE DE CONFIANCE AU CANADA

2021

GUSTAVSON SCHOOL OF BUSINESS
UNIVERSITY OF VICTORIA

Brand Trust | BRAND TRUST AND ADVOCACY

Happy Customers

HAPPY CUSTOMERS COMPLAIN LESS, BUY MORE, PAY BILLS ON TIME, PARTICIPATE IN RESEARCH

No Surprises

PREDICTABLE, DEPENDABLE, RELIABLE AND CONSISTENT BRANDS HAVE HIGHER LOYALTY, CUSTOMER SATISFACTION AND HAPPINESS

McDonald's Formula QSC&V

QUALITY, SERVICE, CLEANLINESS & VALUE

39,198 STORES IN 119 MARKETS

Brands with the happiest customers

CONSTANT PURSUIT OF SERVICE AND PRODUCT EXCELLENCE, CUSTOMER FIRST MINDSET, GREAT CORPORATE CULTURE

Brands with the happiest employees

EMPLOYEE FIRST CULTURE – HAPPY EMPLOYEES PROVIDE EXCEPTIONAL SERVICE AND GREAT PRODUCTS

Co-creation

CUSTOMER COLLABORATION, PRODUCT DEVELOPMENT, DESIGN, IDEATION, INNOVATION

CUSTOMER EXPERIENCE

Investing in CX | COMPANIES WITH A CX FOCUS DRIVE MORE REVENUE AND LOYALTY

Masters of Customer Experience

PERSONALIZED, EXCEPTIONAL SERVICE FOCUS, KNOW THEIR CLIENTS, MANIACAL CUSTOMER FOCUS
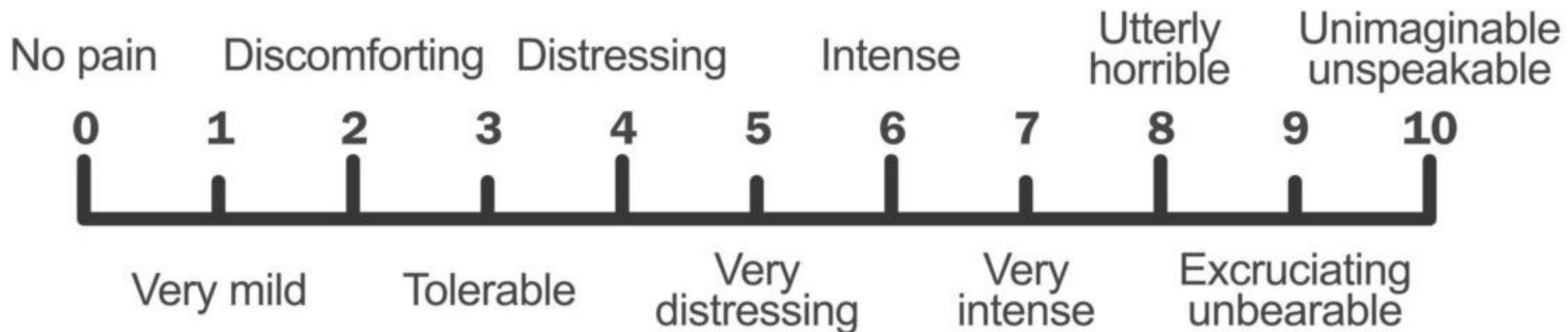
Small Business Advantage

COMMUNITY, CARING, PERSONALIZED SERVICE AND SUPPORT

Keeping Promises

DO WHAT YOU SAY YOU WILL DO

No pain Discomforting Distressing Intense Utterly horrible Unimaginable unspeakable

0   1   2   3   4   5   6   7   8   9   10

Very mild   Tolerable   Very distressing   Very intense   Excruciating unbearable

Customer Pain Points

HUNT DOWN PAIN POINTS AND ELIMINATE OR CORRECT THEM

Customer Kryptonite

CREATING A POLICE STATE

Mistakes and Recovery Build Bonds

CUSTOMER RECOVERY CAN BUILD STRONGER RELATIONSHIPS THAN MISTAKE FREE SERVICE

Pre-Auth

Set it and Forget It | PEOPLE DON'T CANCEL WHAT THEY DON'T SEE

AI to the Rescue

ADVANCED ANALYTICS
PREDICTING AND
MITIGATING CHURN

71% OF MILLENNIALS are highly influenced by LOYALTY PROGRAMS

Source:

EARN POINTS

Points, Points and More Points

POWER OF LOYALTY PROGRAMS, REWARD CUSTOMERS FOR THEIR LOYALTY

Capturing the Voice of the Customer

ONLINE PANELS, SOCIAL LISTENING, CALL INTELLIGENCE

Get your customers back

30% OF LOST CUSTOMERS SAY THEY WILL RETURN IF PURSUED

Maximizing customer lifetime value

A JOURNEY AND NOT A DESTINATION