

How do I increase customer loyalty?

Jeff Brazell discusses how cutting-edge marketing science can demonstrate the impact of engagement on the bottom line

Since the Advertising Research Foundation introduced the concept of 'engagement' in 2006, the term has become an accepted part of our marketing lingo. It's an idea that came at the right time, with increasingly global competition and the rise of new forms of digital and social media that put brand information, reviews and recommendations in consumers' pockets, 24/7.

These influences have combined to change the traditional purchase funnel, introducing the need to instantly and

enduringly grasp the consumer when the opportunity presents itself.

Loyalty isn't just about satisfaction anymore. It's about interaction, not only with the brand but also with other brand users and potential buyers, as consumers draw mobile and social into their decision-making process. It's about engagement. So creating and stimulating customer engagement should now be accepted as a critical imperative.

That imperative raises the question, "How do I increase customer engagement and





loyalty to grow my bottom line?" And, more specifically, "If I spend money to pull certain levers, what do I get? What is the ROI?"

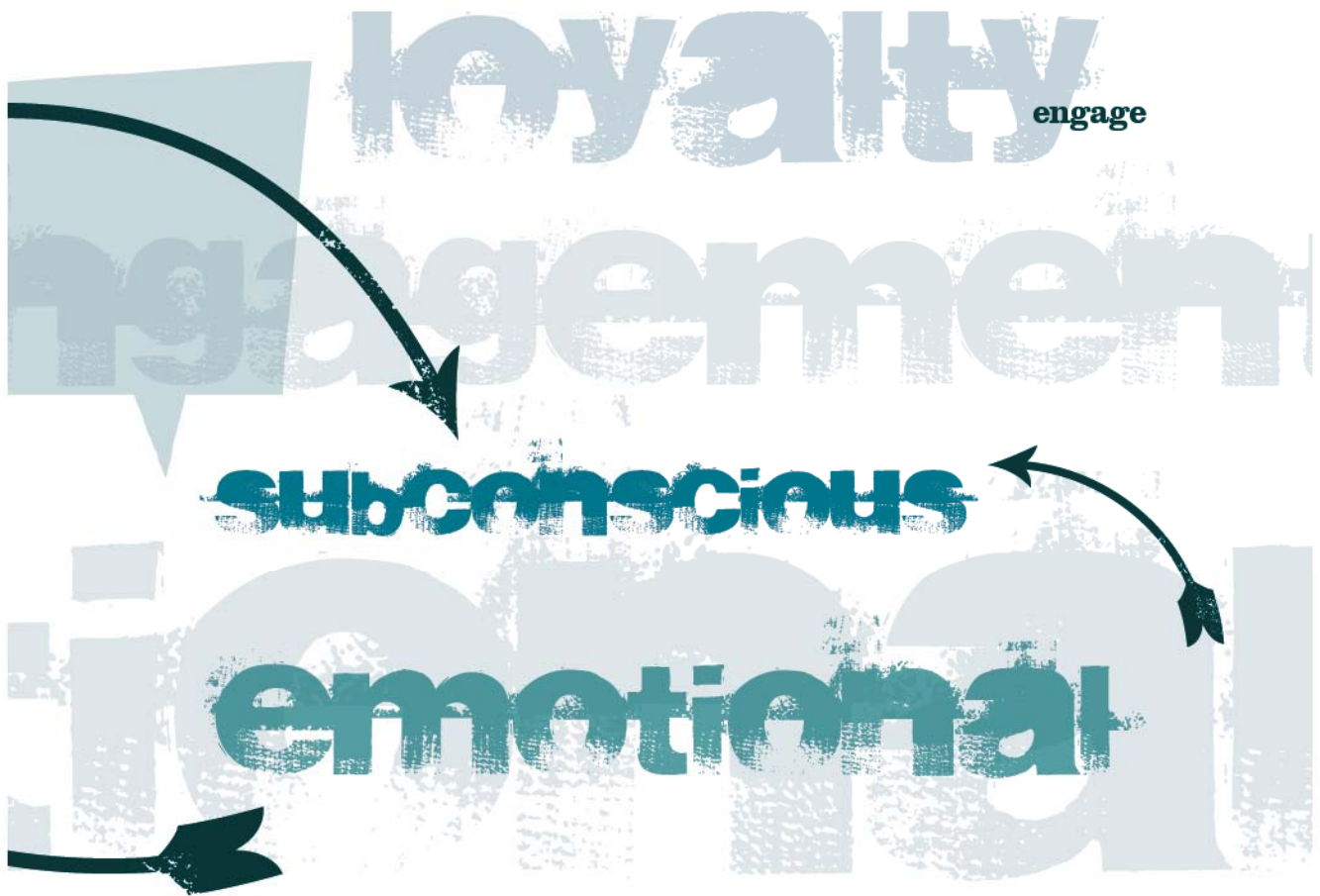
Loyalty isn't just about satisfaction anymore ... it's about engagement

New marketing science builds on insights from neuroscience, behavioral economics, econometrics and psychology to make predictive models that show us how to increase the engagement that drives revenue, profitability and ROI. A fundamental part of this new science is the difficult task of accurately quantifying and modeling not only the conscious and rational, but the subconscious and emotional as well. Bringing it all together into a predictive model that addresses the business outcomes you care about –

such as whether and how often someone chooses your brand – is a challenge that reveals even cutting-edge marketing science to still be in its infancy.

There are three critical steps to meeting this challenge. First, we have to collect the right kinds of information. We need to focus data collection on two main areas: the 'what' composed mostly of rational, functional drivers of consumer choice (but also including subconscious elements), and the 'why' composed mostly of emotional and subconscious drivers (but including some conscious drivers). Because engagement-building activities can differ by current engagement levels of customers, the data collection must be broader and more complex than most traditional studies.

Next, these data sources must be brought together in a hierarchical statistical model that fuses all the information into accurate predictions. (The hierarchical structure



is necessary because emotional drivers are associated with tangible features in a stratified way.) How engaged are our customers? What will they buy if we don't change our strategies and tactics? More importantly, how can we impact engagement? And what will customers buy when we do pull those marketing levers?

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Finally, we use the model to build a simulation, allowing us to explore any number of 'what ifs'. We can then optimize our engagement activities and get a sense for the ROI of our potential actions.

The bottom line: cutting-edge marketing science can show us how engagement

and its impact on the organization drives market share, revenues and profits – lending real power to smarter engagement decisions.

We work with Hall & Partners and their clients to help plan, evaluate and predict return on engagement and help provide greater certainty in this increasingly less-certain world of brand engagement. ☺

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