

Creating loyalty
is a multi-layered challenge.

High Fidelity

How do you build loyalty in the store?

Richard McDonald: We look at retailers more as business partners than just outlets for our products. It's really about long-term relationship building and it can't be a one-size-fits-all approach. We equip the salesperson to communicate our message, or else they won't talk about us.

This includes product descriptions, photography, packaging, web tools, videos, staff training, cool and innovative promotion ideas — and the more turnkey it is, the better. Brands need to take responsibility to empower retailers with the tools they need.

Steve Rotterdam: Retail is where our brand comes alive. This is where the over-the-counter debates happen over what's exciting and what's really rocking people's interests. It is a place where you can have conversations amongst peers who have similar interests. With very, very rare exception, our retailers are also fans themselves.

When a comic or graphic novel sells well it's because the retailers have expressed their confidence in what we are doing to support the books. It's really a business built on hand

selling and the care and feeding of the customer along the way.

Peter O'Reilly: We've tried to take advantage of our retail opportunities by giving our fans the type of selection and personalization opportunities at retail that allows them to customize their apparel and products and then connect that with the game.

advertising or customer service to build something that's bigger than your four walls. I think loyalty programs help, and I'm a strong believer in them. They keep some customers shopping because they've built up some points, but that's more affinity than true loyalty.

I try to use words and language to generate a deeper connection. If

Customer service needs to rock as hard as our guitars and amps.

RICHARD MCDONALD

We've also expanded our product line to hit our female, youth and urban fan base with product lines that are fresh and unique. It's about making sure that the intensity and meaningfulness of the NFL and individual teams connect with fans at retail.

There is such a social dynamic around our game, around bringing people together both at home and at the stadium, that we need to make sure that our retail and our licensing portfolio taps into those elements of our brand essence.

Joe Dobrow: The question is whether you can use programs,

you can create a certain tone with the language that you use, you'll get customers who recognize it because it resonates with them. They will perceive that there are some real people behind that store and they are their kind of people. And then you're in business.

Spencer Hapoienu: Retailers have a big advantage over every other industry because they have the opportunity to talk to the customer on a regular basis, one-to-one. They can build a behavioral transaction database that can tell them what their customers respond to, what their customers like and don't like.

A ROUNDTABLE FEATURING

Richard McDonald
Fender Musical
Instruments

Steve Rotterdam
DC Comics

Peter O'Reilly
National Football
League

Joe Dobrow
Sprouts Farmers
Market

Spencer Hapoienu
Insight Out of Chaos

It's an enormous advantage that most retailers don't tap into. But I think that's starting to change because those companies are having so much success in a very difficult marketplace.

More and more companies are taking advantage of retailers that have data on what their customers do, and are using that to be much more relevant.

How can technology promote loyalty?

McDonald: Fender is unique in the sense that we're creating tools for musicians to make music. We're known for our vintage tube amplifier technology that's still the choice of most professionals. It's a lot of the same technology that we developed in the '50s and '60s, but at the same time the needs of the contemporary artist may be completely different.

As a result, we've had to evolve technologically within the company from a product development standpoint and offer digital products to meet the needs of new players. So, sustaining loyalty is about evolving with technology to fill a latent need that musicians have to create something new.

Rotterdam: Technology has changed the dynamic. It is no longer a situation where you can expect your consumer to find you. Consumers expect you to meet them where they are.

Those brands and channels that ignore the tools miss out on opportunities for growth and to build loyalty. They are losing that core customer who will continually come back to your brand even when it's not convenient or financially conducive for them to do so.

When our consumers are having a conversation, we've done 80 percent of our job.

STEVE ROTTERDAM

O'Reilly: Across the history of the NFL, great technology has made the fan experience better or more convenient. This September we launched our new Red Zone Channel, which allows fans to watch every touchdown of every game on Sunday afternoons.

Our NFL Mobile Live product with Sprint enables streaming of NFL Network games and provides every stat and every play of every game. We also continue to look at in-stadium enhancements — whether that's ordering food or seeing replays — we make sure that our most loyal fans that go to our games have an incredible experience.

We also have a very sizeable database, compiled across all of our different touch points. We use that to connect to fans on a one-to-one basis and customize our communication by favorite team. We've got so many fans whose favorite team is not their local team. So, our database and other forms of online communication help keep them connected.

Dobrow: I'm a lifelong believer in database marketing. In the past, you had a lot of little mom-and-pop stores and they knew who their customers were. And that was really the relationship on which commerce was built.

Today, we use technology to identify and get to know our customers. The trick, of course, is that you don't want to cross the line of privacy. But we do want to be able to serve up relevant

information or offers to people, so that they will have an affinity for our stores.

Now, Sprouts is a little bit unusual because we have an over-representation of senior citizens among our shopper base. So, we've got a lot of customers who don't want an in-store kiosk or a mobile app. For them, ironically, what's generating some loyalty is that my store is not techno-heavy.

Hapoienu: As the ability to store, analyze and interpret large volumes of data has accelerated, it has become easier to use technology to talk to customers on a one-to-one basis.

You can produce printed materials that talk to customers one-to-one, and you can reach the customer in the store with vehicles on a targeted basis. You can use the internet, email and Twitter.

There's another opportunity to build loyalty by putting new technology into products. For example, Nike put a chip in its sneakers and then attached that to an iPod. That's a huge advantage when you integrate technology into the product and then tie that back to everything else you're doing.

How can social media influence loyalty?

McDonald: Fender is all over social media. We are directly linked to Facebook, Twitter, MySpace and YouTube. We also have a very active community section on Fender.com. We'll post a question

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PETER O'REILLY

on our social media networks as if we were sitting with each other, and I might ask you: What's your favorite guitar?

We'll get thousands of people, literally, in hours—and that creates loyalty. If you measure loyalty through engagement and retention of our customers—which is a great way to grow your business—social media is a great way to do that.

Rotterdam: We include Comic-Con and other fan conventions in our definition of social media. Such events are not just opportunities to bring our talent and fans together, but also serve as forums in which to break news that radiates out to fan press and mainstream media.

Our daily blogs are also key elements of our communications strategy. They, in turn, feed information into our Facebook and Twitter efforts.

This ensures that our message gets out to those who might not partake of blogs or conventions, but are still plugged into their own social network communities. When our consumers are having a conversation, we've done 80 percent of our job.

O'Reilly: Delivering information in real time, whether that's through Twitter feeds to communicate the "inside" information our fans want on what's happening at the league and with our clubs, is critical. We're really staying on top of how our fans want to connect with the game and the league.

The other thing—and this is not something you traditionally see from a sport league—is that we're really digging into the youth space and focusing on our next generation of fans. For example, we've created a virtual world, NFL Rush Zone, which is a great home for NFL kids to connect, to chat with their friends across the country.

Dobrow: With social media, you can't look like you're marketing—and you can't look like you're trying to look like you're not marketing. What you have to do is consider what this technology has done: It's brought us back to an old way of doing business where humanity and transparency, sincerity and honesty actually matter.

But when you think about the language used in social media: you *follow* somebody on Twitter, you *link* with someone on LinkedIn, or you *friend* someone on Facebook—that's not deeply felt stuff.

True followers of the Grateful Dead followed them around from venue to venue. That was loyalty! That's not what we're talking about here. The challenge is to figure out how to bring substance to it to get that longer-term affinity, or loyalty.

Hapoienu: Twitter is going to be a huge opportunity for a lot of businesses to drive people to their products based on a sense of urgency. If you can create an affinity with a group of customers because you know what they buy, you can create an environment that people are drawn to.

Once you know who your customers are and how they divide themselves up in various segments, you can create affinity groups through social media that really provide that segment with interesting information or opportunities. Then it becomes a platform to build retention and sell more product, but in an indirect way.

How about loyalty among employees?

McDonald: Everything that we do as employees at Fender is for the customer because that's the only thing that matters. It's not for your boss or the CEO; it's for the customer. That is emphasized from the top to the bottom every day here; it is a mantra of the company. When you do that, then your mission is pure and people appreciate it.

The other thing that works for me is that I hire my customers. I hire people who dig this brand, understand it, love it and know what the experience is like for the dealer, distributor or the consumer. We bring those people in and it gets into our tribal gene pool. Customer service needs to rock as hard as our guitars and amps. That's our culture.

Rotterdam: One of the first questions I was asked when I met our sales team here had nothing to do with where I'd been or what my plans were. The question was: So, what are you reading? I rattled off titles of comics I read regularly and I distinctly remember one guy saying to me, "Okay, that's acceptable. Pedestrian, but acceptable."

Turns out I wasn't reading enough independent stuff. But I am now. With comic-based literature, you

have to have that level of personal engagement if you hope to have any credibility with your fans, creators and staff.

O'Reilly: Commissioner Goodell is building an innovation culture at the NFL, and giving everybody a voice.

The whole organization is part of a team—from the folks on the business side to those out on the field—the NFL is one unit with one mission. It's an organization with incredible loyalty among its employees, and that culture of innovation that the Commissioner established is one of the core reasons that it remains so strong.

Dobrow: Shopper expectations about employees are now so low that even a little bit of a customer service spark can make a huge difference. Of course, it cuts the other way, too; a little bit of a customer service problem can be devastating.

I like to spend time training the cashiers before a store opens because that's my marketing department! I want those cashiers to know what kinds of questions customers might ask about our marketing programs, and to interact with those customers so they can give—and get—feedback.

Employees are just a unique kind of consumer who happen to see the company from inside and out. They are blogging and Tweeting when they're not at work so their perspective can be a source for building tremendous consumer loyalty.

Hapoienu: Developing strong relationships with customers energizes employees and makes them more comfortable with the products they are selling. It galvanizes them to be more creative and find ways to create

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JOE DOBROW

more relevant relationships with customers, whether that's in the store, on the web or on the phone.

If you're a salesperson at retail and your company has given you tools so that you know who your top customers are, to recognize and acknowledge them, that's a great way to build loyalty. Anything that makes the employee feel more satisfied and gratified about their role makes them much more interested in staying with that company.

It also creates more energy for the store owners because they've got more control over the business, and have more confidence to do more merchandising, to expand, and to remodel. It's about giving the employees tools to make them better at what they do as it relates to the customer.

How does social responsibility create loyalty?

McDonald: When we talk about social responsibility, we're talking about the responsibility of being honest in our communications, the brand promise we make and how we keep the brand promise. That kind of responsibility returns in loyalty. So, if you treat your customers like you treat your friends and you treat your family (hopefully you do that well), you're making it.

Now, if you have a cause that's pure, it should be something that's

aligned with your business. For a company like Fender, that's going to be music education, especially with the arts under siege in the schools.

Little Kids Rock is one of our philanthropic programs. We have the Fender Foundation that gives grants to everything you can imagine that results in people giving the gift of music.

How do I keep a 60-year-old brand relevant to a group of young, emerging guitarists who, in defining themselves, are going to dismantle everything their parents thought was cool? The only way I can do that is through loyalty. And the only way I can get loyalty is through honest, sincere, authentic engagement with my customers, the people who use our products and depend on them for a living.

Rotterdam: Our characters have a long history of being utilized for good causes. Dating back to World War II, Superman, Batman and Wonder Woman enlisted kids to get their parents to support various bond efforts. We've also put them and the rest of the Justice League to work on behalf of many social, civic, health and fitness related organizations.

As a company, we're supportive of an initiative called the Comic Book Legal Defense Fund, which addresses various issues related to censorship in our industry. And, where we can, we will also support cause-related efforts of local retailers, especially those concerning literacy.



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JOE DOBROW is vp, chief marketer and "tofu" peddler at **Sprouts Farmers Market**, a 40-store, Phoenix-based chain of natural foods stores. He previously led marketing at Whole Foods, Balducci's and Flexcar.



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At the end of the day, our costumed heroes are champions of good. These are characters whom parents and grandparents can feel good talking to their kids about, and that builds loyalty as well.

O'Reilly: About two and a half years ago, we looked at everything that we're doing in the corporate social responsibility space. We were doing a lot of things well, but that audit led us to going deep in areas where we knew we could have the most impact, and that were very authentic to who we are as a major sports brand.

That has led us to a major commitment to youth-health and fitness under our *NFL Play 60*

after selection and quality; value; and the shopping experience. But a table can stand on three legs, and while social responsibility provides stability, it's not yet critical for building loyalty.

For example, up until recently, 99% of the bags we gave out at Sprouts were plastic. Now we offer paper bags that cost four times as much, but it was the right thing to do. No one came up to us afterward and said, "Thank God you made the switch. Now I'm not going to shop anywhere else!" But over the long haul, it will help build loyalty.

Hapoienu: Too often the ideas smack of transparent marketing

Developing strong relationships with customers energizes employees.

SPENCER HAPOIENU

campaign. The goal is to encourage kids to get at least 60 minutes of physical activity every day.

We've gotten tremendous traction — nationally, across 32 clubs and with employees, as well — because it is so authentic to who we are as a brand.

It is something that our athletes live every day, and it has given us a major impact with kids, families and schools. So, whenever we think about social responsibility, it needs to be so core to our overall mission and part of our business. If we go deep into areas that are authentic to our brand, we'll have the most success with building fan loyalty.

Dobrow: Social responsibility is the fourth leg of a table on which consumers make buying decisions,

on the coattails of a charity. Developing ideas that are either borne from the DNA of the retail brand or the culture of the customers are the most effective.

Saks is running a program to sell coats by providing 25 percent off a new coat if the customer brings in an old coat that Saks can donate to the appropriate local charity.

While that promotes coat sales at Saks, it is possible that many customers might not think of donating an old coat and now would. Or, they might not have thought about buying a new coat and now would.

Either way, charities will get the benefit of coat donations and Saks and its customers have done something for the local community. ■