

# The Loyalty Curve

BY LAUREN DESIMONE

ACOSTA SALES & MARKETING

**T**he other day, I found myself asking a friend a question I've asked before ... with no good answer: "What do you do with OpenTable reward points?" She just looked at me blankly. "I don't know," she said, "but I have a million of them."

*Me too.*

"You think I'd get some special treatment or something but I don't ... at least none that I've noticed," she added.

*Me too.*

As a marketer, this troubles me. Here's a brand, with a database of engaged consumers of some discretionary means, and their loyalty program is unclear, unrewarding and leaves at least some of its "loyalists" feeling unappreciated.

Which makes me wonder: Who is OpenTable? What does their brand stand for and why am I participating in their "loyalty" program? I like their service but I don't love them, and I'm not loyal to them. I like my Kings Supermarket but I don't love them. I wouldn't wear their logo on my sleeve. I love Apple. I love Target. I love Christian Louboutin.

The fact is, there are two types of loyalty: 1) brands you love and 2) brands that love you — or want something from you. The former is the kind of brand

loyalty you feel and the latter is a loyalty program you've paid for.

Brands can have both kinds of loyalty, but the more enviable, advantageous position goes to the brands you love. Brands like OpenTable need to take a lesson from those that are able to develop this uncompensated loyalty. So, why is it that some brands can do a great job at cultivating loyalty in the hearts and minds of the consumer and shopper while other brands have to "pay" for loyalty? Let's look at both.

## BRANDS WE LOVE

Apple. I love them. I would have thought twice about taking my job if I couldn't get an Apple computer. I have two. I also have two phones: one iPhone and one BlackBerry. I love what the iPhone reminds me of: I value quality, innovation and thinking "different" over price. I'm in-the-know, I'm an adventurer and I'm ... cool. The BlackBerry? Not so much. It says I'm practical, that I can't be away from work for too long, and value function over form. How exciting. And, while this all may be true, I really don't need everyone knowing this. I put the Apple decal on my car because I'm proud to be an Apple person; they don't pay me or give me points, that's just the way I feel. I keep my BlackBerry hidden for obvious reasons.

This is the point of inflection for loyalty today: If we define loyalty as an intrinsic, or internal, emotion (something consumers feel about a brand) then advocacy is the extrinsic or outward manifestation of loyalty. Advocacy is the endorsement and active

## The table stakes of loyalty are higher than ever.

personal recruitment for the brand and the peak in the loyalty curve. The goal for marketers today is to move their consumers up the curve to cultivate advocates who speak, motivate and inspire on behalf of their brands.

Last night I stopped in at my Target. I love that place. While I know it's the same stuff you can buy at Walmart, shopping at Target makes me feel better. When I walk in there I am inspired because anything is possible: style, innovation and adventure—all at a good value. Shopping at Target allows me to be “the better me I've always wanted to be.”

I picked up some cards: I'm thoughtful. I picked up some psychedelic pads and pencils: I'm “cool Aunt Lauren.” I bought a pair of cute-but-cheap sunglasses that will almost undoubtedly be left on a plane or in a restaurant, but for now ... I'm fabulous. Plus, I share my Target finds: I can't tell you how many times friends have gone to Target to get something fantastic I had found there. Target doesn't have to pay or reward me for that! My loyalty to Target emanates from something more, something bigger, something authentic.

Cultivating advocacy is every marketer's full-time job and the new dynamic loyalty continuum means it's a moving target, constantly being pulled, buffeted and tempted from all sides. It's not enough for brands

simply to “message-manage” along the path-to-purchase.

To cultivate true advocacy, marketers first need to craft a brand's purpose carefully, communicate its reason-for-being and why a consumer should care. Then, and only then, should marketers create and invest in a continuous narrative that meaningfully weaves the brand into the lives of consumers and shoppers. There can be no blind spots, no complacency and—most of all—no “dark side of the moon” when the shopper leaves the store.

Brands and retailers are struggling to keep up with this increasingly complex idea of “loyalty” as defined by an empowered, connected consumer within today's evolving, decentralized and dynamic marketplace. Loyalty programs are changing too: collecting points or getting a discount is fine, but, as a consumer, does it really connect you to a brand and impact what you buy or does it just connect your data to a business?

### BRANDS THAT LOVE US

For today's savvy, techno-literate consumer, loyalty is no longer about a program; it's about the total experience. It's not about points; it's about value. It's not about VIP services; it's about “me” services. “Loyalty” and customer relationship management is about the 80/20 customers, profitable growth and



Source: Acosta Sales & Marketing

## Six Steps to Advocacy

*Here's a six-step process that will help bring clarity, speed and traction to your advocacy efforts:*

■ **Be the Brand.** Ask and answer the tough questions: What is our reason for being? What is our brand-belief? Why does our brand exist? What is our brand's "journey" and why should consumers join it?

■ **Know the Consumer.** Invest in truly understanding your consumer and shopper — their lives, lifestyles, need-states, considerations and motivators. Fully understand what they care about and how your brand can connect with them and invite them in. Study and optimize the complete dynamic consumer experience: the content, the context and the conversation where brands are created and assessed and loyalties are won and lost.

■ **Strategize and Connect the Dots.** Create a comprehensive, integrated path-to-purchase roadmap of connected touchpoints and meaningful engagement experiences designed to bring your brand to life and into the lives of your consumer. Create your brand voice, tenor and cadence to connect with shoppers in ways that get people talking to your company, your brand and each other. Cast a wide net of online and offline touchpoints to consider, activate and optimize.

■ **Create Community Platforms.** The threshold of entry for loyalty has changed with "advocacy" — loyalty's more social, chattier, and better-looking cousin — at the epicenter of that change. Smart

brands are making investments in integrated (online/offline) marketing efforts, platforms and communities with retail activation options. Join the conversation!

■ **Develop Strategic Brand Partnerships.** Not all brands can command the resources required to craft and maintain a relevant, continuous brand narrative and deepen their consumer connection. Take the time to analyze the market for the right strategic partnerships for your brand, and ask them to join you in your journey. By harnessing the power of shared equities, one-plus-one can equal three.

■ **Evaluate and Evolve.** At the end of the day, strong analytics and data capture are needed to build, quantify and assess opportunities. Establishing SMART (Specific, Measureable, Aligned, Realistic and Time-bound) success criteria and measuring true return-on-investment based on these metrics, provide the mechanism to drive future revenue growth, profitability, and loyalty. Aligning these goals, evaluative metrics and results enables brands and their retailer partners to shift the focus from working harder to thinking better and planning more strategically together — which could itself be the start of another loyal relationship!

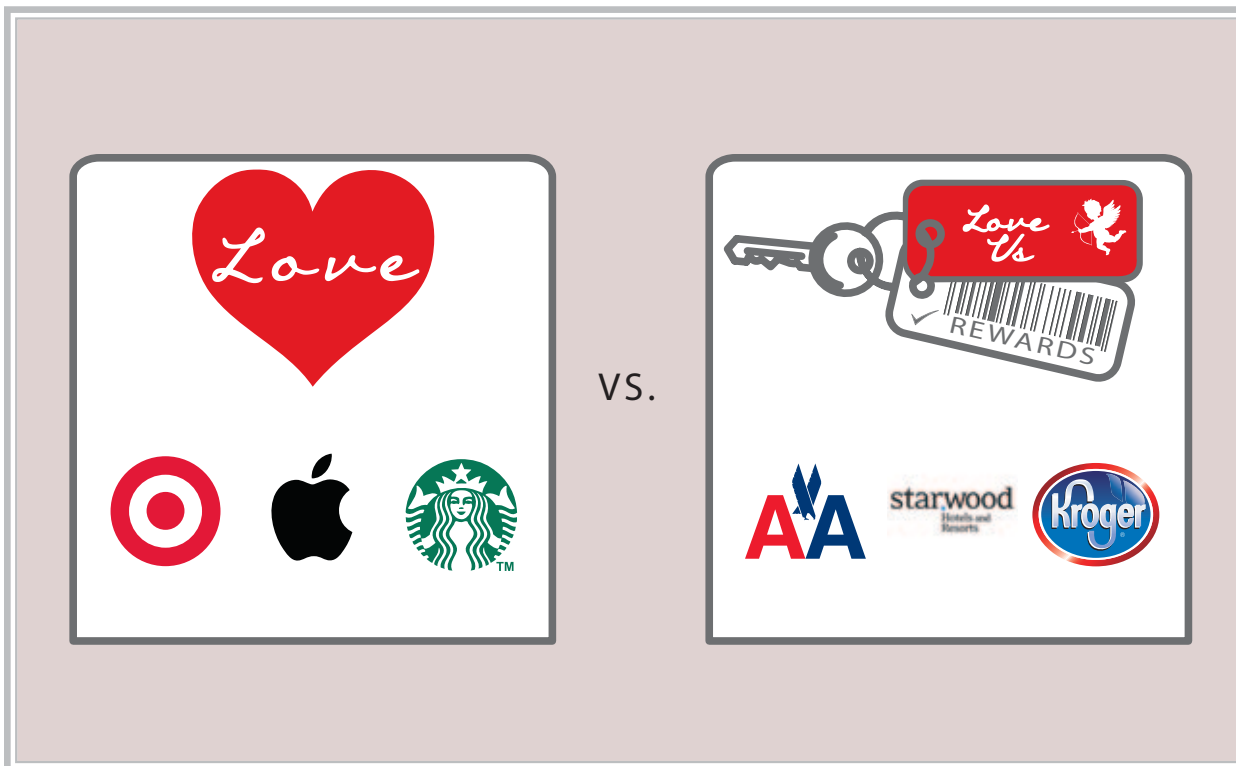
Today's marketplace, market-sphere and market drops require a focused, continuous effort to evolve beyond loyalty to advocacy. By engaging in all or even some of these six activities, marketers will make tremendous strides toward encouraging consumer and shoppers up the loyalty curve.

*data* with its ability to identify, measure and optimize shopper segments, purchase behaviors and profit drivers.

Still, some brands pay for our "loyalty," which is really a euphemism for continued or frequent use. Airlines, hotels and supermarkets rule this area. American Airlines gave the US its first frequent-flyer program and now has more than 66 million participants, according to an article in *USA Today*. I'm an American Advantage two-million-miler and platinum-level AAdvantage flyer. Clearly, I've been

loyal, choosing American over other carriers and sometimes even flying somewhat circuitous routes to enjoy and perpetuate my elite perks and status.

But American is not in my blood the way Apple is. Additionally, my loyalty to American waned over the years as the *advantages* seem to dissipate: upgrades were extremely rare, miles seemed to decrease in value and increase in their difficulty of use. Visiting American's Admiral's Club became disappointing as amenities like internet access disappeared. Here, all of American's best customers are literally in the same



Source: Acosta Sales & Marketing

room: This is a great opportunity for the brand to immerse its flyers in its brand and provide them with an experience worth advocating!

The trouble with these pay-for-engagement loyalty programs, like American or OpenTable, is that they fail to connect consumers to brands emotionally, making them vulnerable to lapses, blind spots and radio-silences that leave their best consumers open to considering other options.

Recently, when I changed jobs and found myself needing to travel frequently, my first inclination was to fly American. But American didn't fly to my new cities directly. Delta did, so I booked Delta and here's what happened: First, I asked Delta to honor my platinum status in their Skymiles program. They did. I got upgraded — a lot.

At the SkyClub, I enjoyed and appreciated the complimentary internet access and breakfast before boarding. More important, when, on a recent trip, a last-minute change landed me in the dreaded middle seat, I was surprised and delighted to get an email from Delta offering me 500 extra miles for "the inconvenience." Shocking... and fabulous. I've flown Delta ever since.

Delta knew how to leverage an opportunity to

win a loyal consumer from a competitor. Loyalty programs today need to get over themselves and get to the consumer with real solutions that make sense. They need to deliver a high level of customer service or a customer service proxy with something that is ownable, differentiated and a *wow!*

Opportunities to cultivate and enfranchise loyal consumers happen every day and everywhere. Brands and businesses need be open to opportunities, build a marketing machine that can actively and continuously seek them out, cultivate them and help them multiply.

As for OpenTable? I'm still using it and I'm still accumulating points. But from a marketing perspective of potential advocacy and profitability, I have to admit... there's a lot of loyalty being left on the table! ■



**LAUREN de SIMONE** is senior vice-president of strategy and innovation for **AMG**, the marketing agency powered by Acosta Sales & Marketing. She can be reached at [lidesimone@acosta.com](mailto:lidesimone@acosta.com). Lauren would like to thank John Meyer for his help with this article.