

Exploring Emotional Loyalty

2020



/ Contents

Introduction.....	01
Emotional Loyalty Drivers.....	02
The research looked at '3Ps' to do this.....	03
How is Emotional Loyalty Defined?.....	05
Are Brands Set Up to Drive Emotional Loyalty?.....	06
Who Should Own Emotional Loyalty?.....	07
Does Emotional Loyalty Equate to Sales?.....	08
Examples of Emotional Loyalty.....	09
Final Thoughts.....	10
About the Customer.....	11
Engagement Campaign.....	11
About the DMA.....	12
Copyright and Disclaimer.....	13

/ Introduction

What is emotional loyalty?

That was the burning question at a recent roundtable discussion organised by the DMA's Customer Engagement Council and attended by a wide range of agency and brand-side participants.

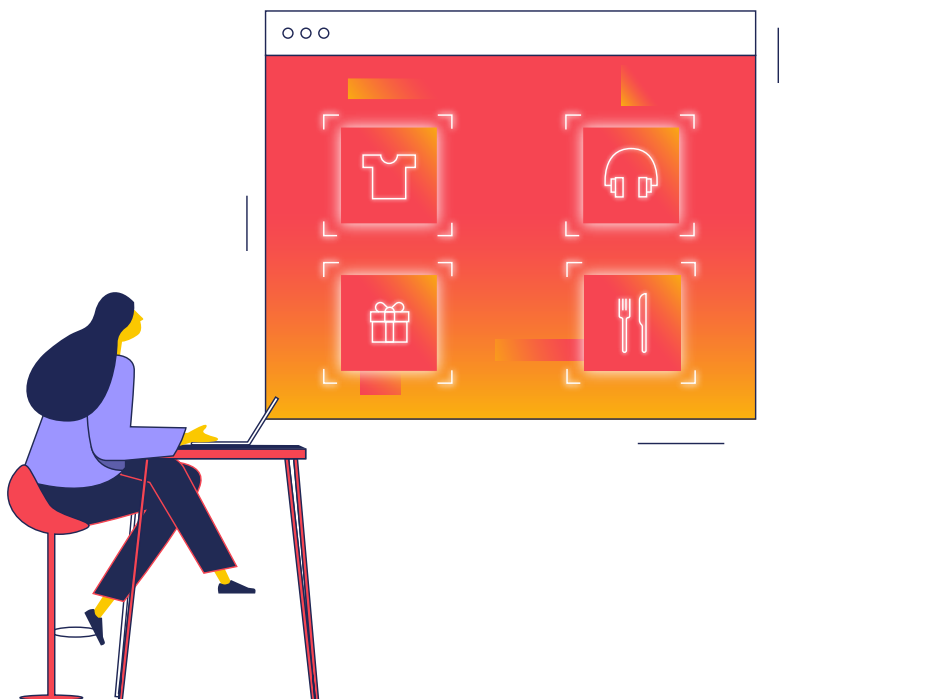
In these pages, you will find a summary of the fascinating conversation that followed. Talk turned to specific aspects of emotional loyalty, ranging from how brands currently approach it, to where it sits within an organisation and how loyalty drives ultimately affects consumers.

It's clear from the discussion that organisations still have some way to go to make emotional loyalty a cornerstone of their marketing efforts and the wider business as a whole. Going beyond transactional loyalty is going to take time, knowhow, and resources, but that doesn't mean opportunities don't abound.

Read on for a more detailed look at how the roundtable put emotional loyalty under the microscope.

/ Emotional Loyalty Drivers

For several years, **Foresight Factory** - a DMA research partner - has included attitudes towards loyalty in its wider consumer engagement surveys. This provides insights into what is driving customer loyalty in the UK and beyond.



The research reveals a trend towards a 'functional first' approach to customer satisfaction and repeat purchase. However, in pushing - and delivering - utility, brands are also beginning to create a platform for emotional loyalty.

Look at **Amazon**: it now offers a plethora of products and services across many categories. In doing so, it is building an army of users who will turn to it first, no matter what they are looking to buy.

Amazon's usefulness and usability, it a prime example of a brand founded on convenience that is turning those elements into a loyal, emotionally attached customer base. It now regularly tops "favourite brand" polls ahead of customer service stalwarts like **John Lewis** and **Marks & Spencer**.

Furthermore, in uncertain times people tend to flock towards price-driven choice; it appears the rise of functionality may be here for some time to come. So how can predominantly transaction-based brands compete, build their own slice of emotional loyalty, and avoid disruption by more agile rivals?

The research looked at '3Ps' to do this:

1. Partnership



A value-based data exchange will be critical to building ongoing customer relationships. That means acting on insights about what makes them tick, for example offering specific and personalised rewards for different activities; rewarding advocacy, such as a shared link that leads to a sale (Diesel, for instance, does this); added benefits for going in-store; and giving people input on future products, as Target does.

The research showed 59% of consumers are happy to share data for an improved relationship, shaping more fulfilling engagement or better products and services.

Furthermore, many brands are tapping into consumers' enjoyment of belonging. Take fitness brand **Lululemon**: members are content to pay \$128 per year to get outfits but also access to free classes, express delivery, and other perks. In a sense, it is no different to **Amazon Prime** with its own delivery promise and extras such as TV streaming services.

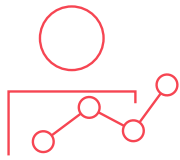
2. Purpose



Loyalty schemes must be linked to issues that appeal to members on an emotional level. Currently, sustainability and health initiatives enjoy the most cut-through, but engagement could be built in the future by offering personal development with the likes of learning and skills programmes.

An example given was the **Eco Green Card** in South Korea. Members receive points in exchange for activity including demonstrably cutting their energy use or using public transport. So far, the scheme claims to have contributed a 2.5 million tonne reduction in CO2 usage.

Another instance is **Singtel StepUp**, where the telco rewards physical activity with free data. Research - and the take-up of wearables like **Fitbit** - shows consumers aren't averse to sharing health data, which could be an important layer of loyalty as biometric information becomes more prevalent.



3. Personalisation and predictive analytics

Technology is allowing brands to provide a wider range of features and rewards that consumers are increasingly demanding. Using current examples, the research demonstrated this could come in the form of cryptocurrency that members can spend on a range of complementary partner benefits.

Meanwhile, **Qantas** and **Mastercard** have joined forces to use data to deliver offers that will have the most impact; a nod to the power of predictive data that will be a key driver of emotional loyalty.

Another example of this is personalisation services such as start-up Noah. **Noah** uses compliant facial-recognition technology to review previous purchases of customers and preferred loyalty feature, with the aim of delivering a tailored experience.

Finally, 28% of UK consumers are interested in using voice assistants to manage loyalty memberships offer reminders to use expiring discounts.

How consumers ultimately react to such innovation will shape the success of emotional loyalty.

/ How is Emotional Loyalty Defined?



The science behind emotional loyalty isn't as complicated as it may appear.

Put simply, brands need to provoke a positive instant reaction in consumers' brains which is then transformed into emotions. How intensely a person experiences that emotion will determine how likely they are to take action - in other words buy and buy again.

However, participants agreed that emotional loyalty remains ill-defined. Much more understanding is needed for it to become embedded in organisations, and valuable to both businesses and consumers. Some businesses are so vast that emotional loyalty means different things to different teams at present.

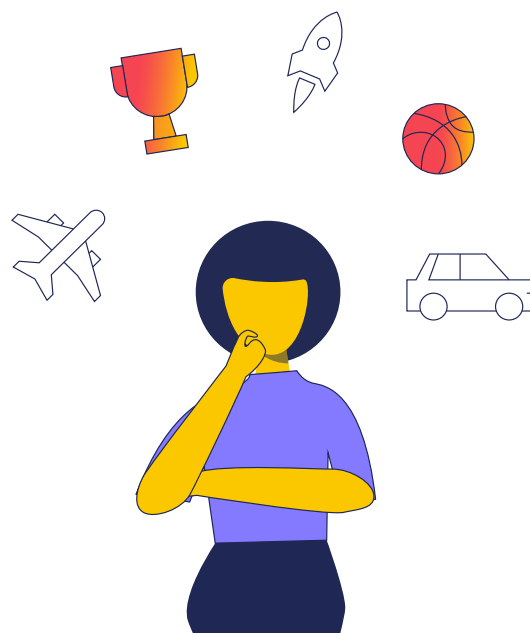
The thought was offered that emotional loyalty shouldn't be treated as an isolated product as transactional loyalty is. In fact, it comes in many forms - from the feeling you get when redeeming points to being surprised and delighted by a treat being dropped into an app as you walk into a store.

/ Are Brands Set Up to Drive Emotional Loyalty?

Currently, the feeling is no if participants' views are anything to go by.

The group agreed that most organisations base their model around transactions and, in some cases, retention but not long-term loyalty and the value that can bring.

Furthermore, in some sectors - such as transport and sport - consumers are "loyalty hostages": they literally have no choices so engendering emotional loyalty is impossible.



Ultimately, participants concurred, emotional loyalty must be bred from within. The entire organisation must feel positive about it before emotional engagements with customers can be kick-started. And engagement will always precede loyalty.

That means breaking down silos and creating a cultural shift. The marketing department might be happy with an initiative; but it can just as easily be debased by a poor customer experience with sales staff.

/ Who Should Own Emotional Loyalty?

This is perhaps the most pertinent and difficult question around emotional loyalty.

In theory, the marketing department is the right owner. After all, experience - and how that links directly back to the brand in consumers' minds - is key.

But that simplistic view ignores two critical aspects of emotional loyalty. Firstly, the point made above about customer engagement extending beyond brand, to sales staff, but also the customer complaints team.



Several participants contended that the latter was the best situation for turning customer emotion into loyalty, a direct way to boost positive sentiment and rebuild a 'bank of goodwill'.

Secondly, the group admitted marketers are sometimes guilty of overlooking the commercial imperative for developing campaigns. Without proof of ROI, they are less likely to get boardroom buy-in and budget, frustrating their mission for emotional loyalty. Participants felt backing right from the top of a business is needed from the get-go if loyalty initiatives are to succeed.

For that reason, participants agreed a cross-functional approach involving marketing, finance and, for data and tech, IT was optimal - if difficult to achieve.

/ Does Emotional Loyalty Equate to Sales?

It is a question of measurement.

The group discussed which metrics should be involved, from engagement to customer lifetime value. The point was made that consumer research rarely, if ever, directly asks whether the respondents feels emotionally attached to a brand - let alone how strong that attachment is. Value is currently very difficult to determine.

Marketers should own the metrics but not overlook all touchpoint, from customer service to retention data and customer recommendations, to gain a better picture of emotional loyalty.

A realignment of customer data is also crucial. For many brands, data is disparately held across an organisation. Data managers in each department need to work closer together to deliver a useful 360-degree view.

/ Examples of Emotional Loyalty

The discussion ended on a lighter note.

One participant shared a great example of a simple moment that boosted her emotional attachment to **John Lewis**. The retailer shared its new Christmas ad, Excitable Edgar straight to her phone. Despite rarely pushing marketing via the app, this nice touch provoked a warm response.

Citing his love of guitars, another attendee explained how instrument maker **Gibson** has used emotional loyalty to turn around its flagging fortunes. After listening to its customers, the company went back to its roots with guitars that rock stars of old thrived on, rather than all-singing, all-dancing instruments it had been making more recently in a bid to incorporate the latest technology - simply not what guitar enthusiasts wanted.



/ Final Thoughts

A lively discussion, the roundtable laid bare the issues facing brands that want to capture hearts and minds as well as wallets. That said, huge opportunities lie in emotional loyalty: a **Harvard Business Review** study claims emotionally engaged customers are anything from 25% to 100% more valuable to brands than those who are merely satisfied. Participants agreed emotionally loyalty will be firmly on their agenda as we enter a new decade.



/ About the Customer Engagement Campaign

We put the customer at the heart of everything we do – especially when it comes to our [Customer Engagement](#) campaign.

This campaign uses research and insight to help you maximise your engagement for the benefit of marketers and consumers alike.

If you build a rapport with your customers, and you have something they want, then they will buy from you again and again.

We want to know what builds this rapport. We know creativity, data and technology are factors, but we don't know how the interplay works.

This campaign aims to discover what makes brilliant engagement.

Check out our popular Marketer Email Tracker and Consumer Email Tracker, and explore our engaging infographics which are breaking down key ideas.

We also run events to encourage better Customer Engagement. Keep an eye on your emails, or visit our [events page](#) to book your spot.

Tap into DMA research, insights, thought leadership, and networking events on offer by visiting the DMA online and discover how you can get involved with and get the most out of our [Customer Engagement](#) campaign.

Better engagement means better business

/ About the DMA

The Data & Marketing Association (DMA) comprises the DMA, Institute of Data & Marketing (IDM) and DMA Talent.

We seek to guide and inspire industry leaders; to advance careers; and to nurture the next generation of aspiring marketers.

We champion the way things should be done, through a rich fusion of technology, diverse talent, creativity, insight – underpinned by our customer-focused principles.

We set the standards marketers must meet in order to thrive, representing over 1,000 members drawn from the UK's data and marketing landscape.

By working responsibly, sustainably and creatively, together we will drive the data and marketing industry forward to meet the needs of people today and tomorrow.

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