

knowledgebase (marketing ROI)

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ENGAGE YOUR TARGET

CUSTOMERS' ENGAGEMENT WITH YOUR BRAND JUST MIGHT BE THE PROOF OF ROI YOU'RE LOOKING FOR

YOUR CUSTOMERS ARE satisfied. You've ascertained that many of them are loyal. But are they engaged?

Many B-to-B and B-to-C marketers contend that brand engagement—the emotional attachment customers have with a brand—is the ultimate measure of your marketing success because, simply stated, engaged customers are profitable customers.

"There's only one objective of all marketing, and that's brand engagement," says Robert Passikoff, founder of New York-based research consultancy Brand Keys Inc. and a frequent contributor to discussions in the American Marketing Association's online community on branding. "Brand engagement is anything that you do to the brand in any context that ultimately makes people, both emotionally and rationally, feel that the brand better meets the expectations they have for the category" than any other brand, he says.

Customers are highly engaged with a brand that not only fulfills their needs, but also fulfills the definition of an ideal brand, he says. The brand seeks to connect with its customers, and demonstrates time and again that it values the customers and their business.

"As a dependent variable, [engagement] has a lot of marketing meaning," adds Daniel J. Howard, a marketing professor at Southern Methodist University who specializes in marketing research and consumer behavior, and an AMA member who has written for the association's academic journals. Good marketing that drives engagement leads to better customers who spend more with your company, which leads to higher sales and, therefore, higher ROI. The logic is clear, he says.

The logic may be clear, but measurements can seem fuzzy. Measuring engagement is subjective, and no cookie-cutter approach exists to fit all companies. But

the key to understanding your customers' engagement with your brand is to regularly solicit and monitor their feedback.

Chris Cottle, vice president of corporate marketing at Allegiance, a South Jordan, Utah-based software solutions provider that helps organizations measure and improve customer and employee engagement, says his company's tools help clients segment their customers based on their engagement levels and create a blueprint to boost those levels.

Airlines, Apple and Nordstrom, focus on engaging their customers as a natural order of business, Cottle says. They set out to build emotional relationships with their customers through every customer touch point—and it shows. The companies are top performers in their categories. Several companies, though, have yet to recognize the importance of customer engagement or have neglected to keep engagement as a priority.

Starbucks fits that bill, Passikoff says. From the start, Starbucks created a natu-

75%

Of business executives think higher levels of customer engagement would translate into increased profits.

49%

Think inadequate engagement practices are to blame for up to 25% of lost sales.

SOURCE: Economist Intelligence Unit

By collecting data and taking customer surveys, Allegiance can set a benchmark for customer sentiment. Regular surveys then help determine customers' emotional connection with the company and which touch points affect their engagement. For example, a bank's customers might feel more or less engaged based on their perceptions of the bank's customer service, its wait times, its product offerings and the overall customer experience. By assigning values to those factors and using predictive analytics, Allegiance can then help determine where the bank should focus to improve engagement. And by improving engagement, the bank can improve ROI significantly, Cottle says. "There is a direct correlative relationship [between customers' engagement and ROI] and we can map it," he says.

Some companies, such as Southwest

rally engaging brand. Cozy corner coffee shops, high-quality coffee and a major coolness factor were just some of its perks. But in the past few years, the company took a wrong turn. To service more and more customers each day, Starbucks started cutting back on the "extras"—the comfy chairs, the newspapers, the freshly ground beans. "As you stood in line there to pay the 42% more than what you'd pay for the same thing down the street, you did not see your drink being crafted," he says. The sound of the coffee grinder disappeared. The enticing aroma faded.

Because customer engagement is a leading indicator of a business' success, Passikoff knew what was in store for Starbucks; and lo and behold, a few months later, its share price fell. "The category had caught up to Starbucks," he says. "What used to be differentiation wasn't." The beleaguered coffee giant is working to repair its brand and reestablish its category dominance, but it stands as a powerful example of the dangers that can befall a company that undervalues its very engaged customer base.

Especially in this increasingly customer-focused marketplace, the four Ps are no longer enough to help a brand win—neither is satisfaction nor loyalty. Engagement matters. Follow Apple's lead and make your brand the go-to brand in its category, Passikoff says. "The 3 million people that bought an iPhone used to be someone else's satisfied customer." ■

