

CREATING HUMAN CONNECTIONS

IN THE MIDST OF TECHNOLOGICAL CHANGE.

Kate Hogenson, Senior Loyalty Consultant
Sarah Queller, Senior Data Analyst

IT IS THE JOB OF THE MARKETER TO KNOW WHERE THE MARKET IS GOING....

Augmented Reality Virtual Reality MFA/2FA Contactless checkout AI CLOs Bitcoin Blockchain Fintech Telemed
IoT 5G Biometrics BOPIS MTL Cashless
Cloud Data Machine Learning P2P



BUT IT'S ALSO THE JOB OF THE MARKETER TO
CONNECT WHERE CUSTOMERS
ARE RIGHT NOW



THE **APPLE** EXPERIENCE: SECRETS TO BUILDING INSANELY GREAT CUSTOMER LOYALTY

When many marketers think about driving emotional loyalty they think of Steve Jobs –

but if you want to buy the book...

The Amazon logo is displayed on a black background. The word "amazon" is written in a white, lowercase, sans-serif font. Below the text is a curved orange arrow that starts under the letter 'a' and points to the right, ending under the letter 'n'.

***YOU BUY IT FROM THE BRAND
THAT BUILDS INSANELY GREAT
HABITUAL LOYALTY***

WHEN did Amazon Prime launch?

But wait...is habitual loyalty really emotional loyalty?

EMOTIONAL LOYALTY MATTERS

Emotional loyalty is when your members can say,

“I feel an emotional connection to [your brand].”

Sometimes I choose them even when they don't have the lowest price.”

What creates emotional loyalty, you ask?



THE 3 TYPES OF EMOTIONAL LOYALTY

STATUS



*I feel **more valued** than other customers.*

HABIT



*I often find myself **on autopilot** buying what I've bought before.*

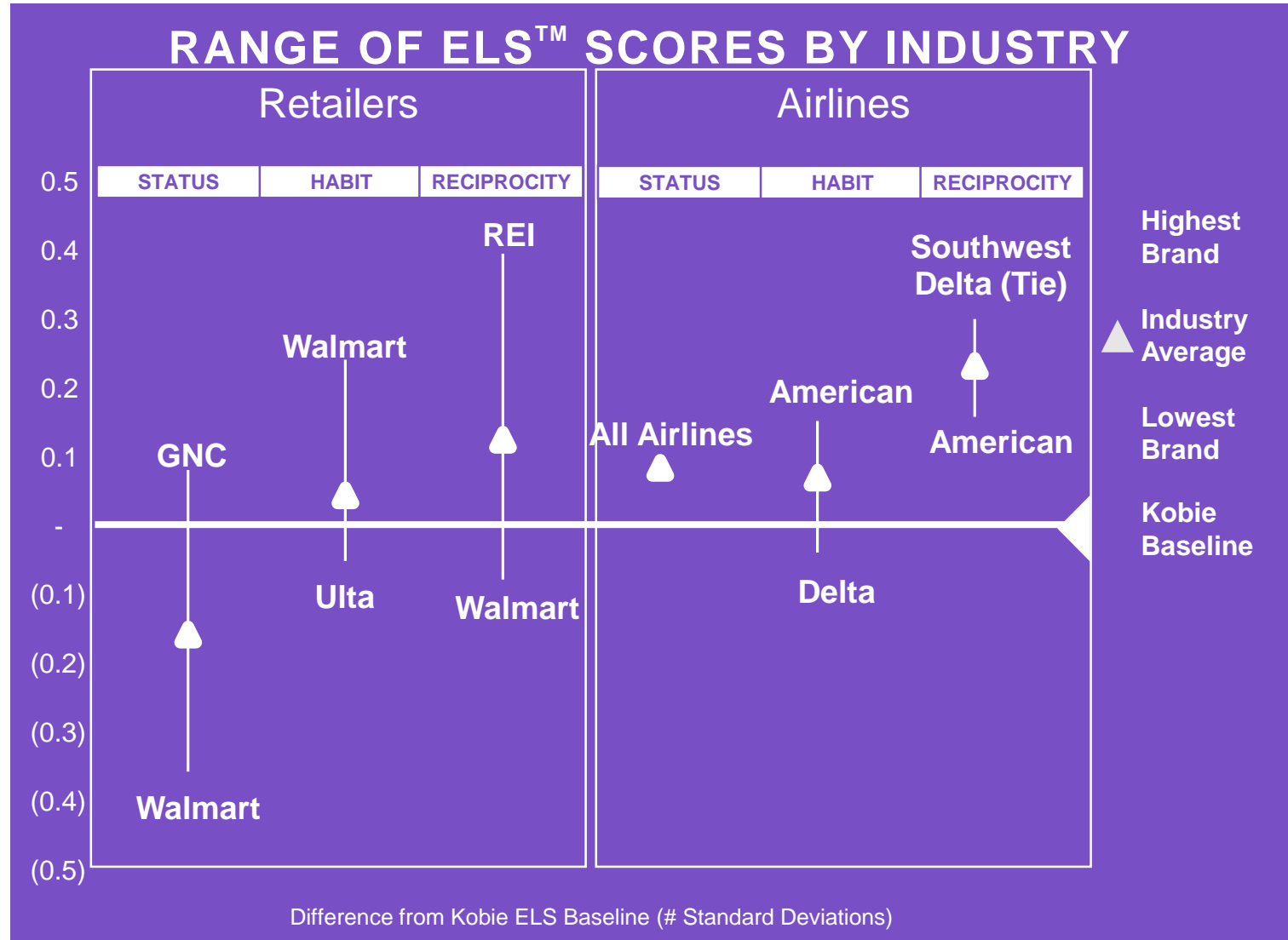
RECIPROCITY



*I **feel grateful** for treatment I've received. It's about the **relationship**.*

EMOTIONAL LOYALTY BY INDUSTRY

- Retailers more differentiated on emotional loyalty appeal by brand, especially for specialty brands
- Airlines less differentiated even on **HABIT** where there is the most divergence



Source: Kobie Proprietary Research 2019. Emotional Loyalty Scoring (ELS) is patent pending.



*What's emotional about **HABIT**?*

- Familiarity / Mere exposure
- Comfort / Ease
- Automaticity

All of this operates outside awareness

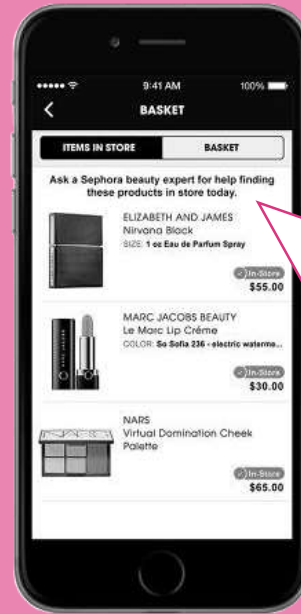
Data tells us **HABIT** is related to emotional connections to companies

Delivering **HABIT**

COMFORT

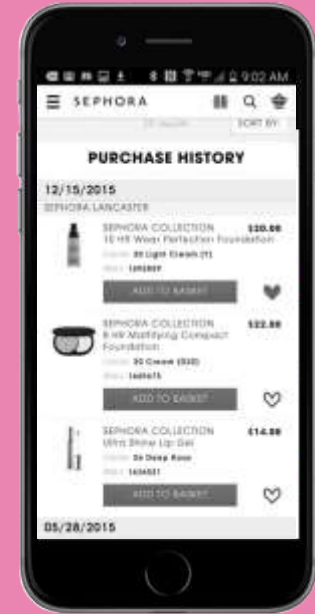


EASE



Ask a Sephora beauty expert for help finding these products in store today.

AUTOMATICITY



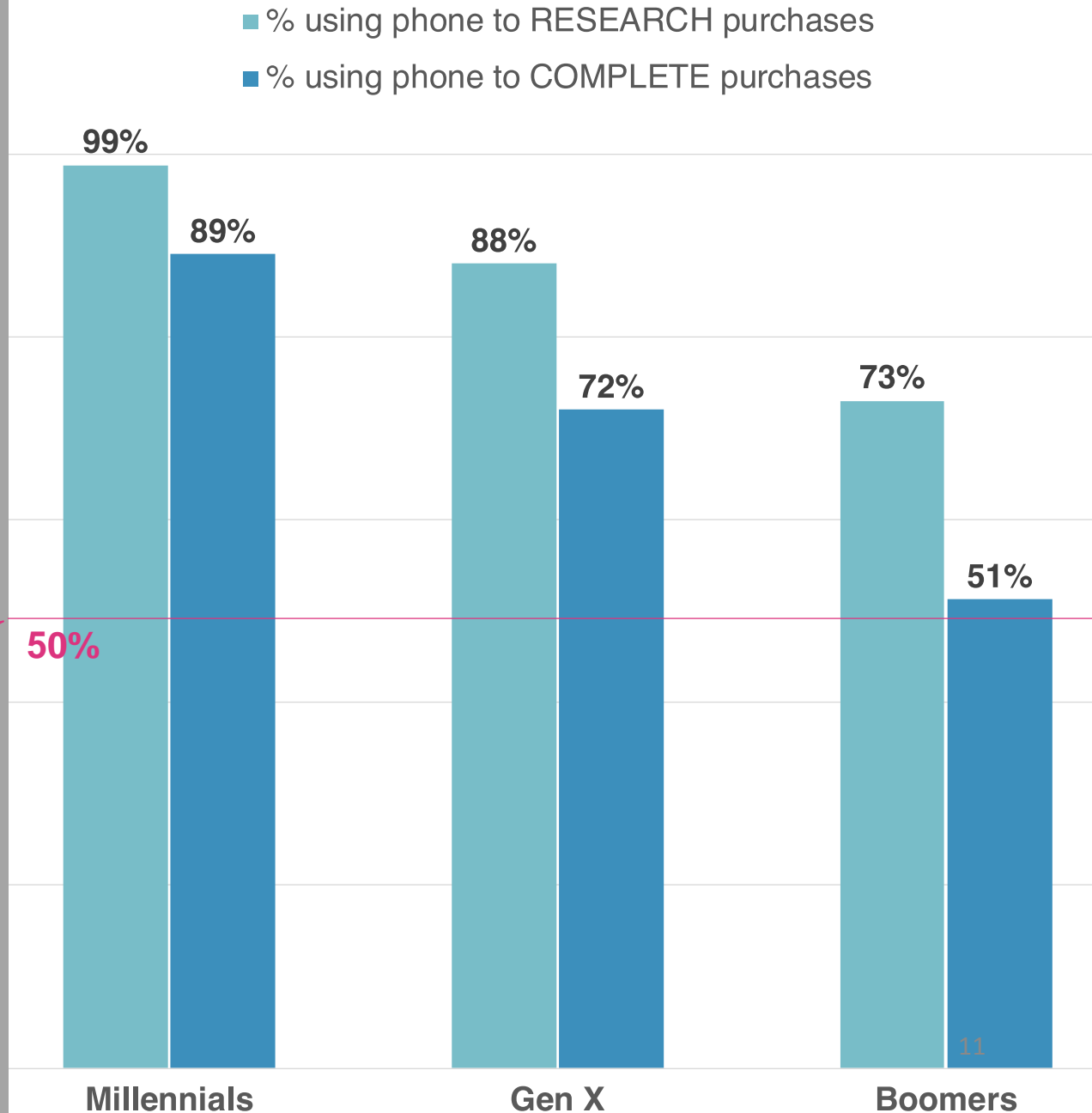
What do you do when the thing you've always bought no longer exists?

SEPHORA's experience makes it easier for the easily overwhelmed to find what's comfortable even when it's not familiar.

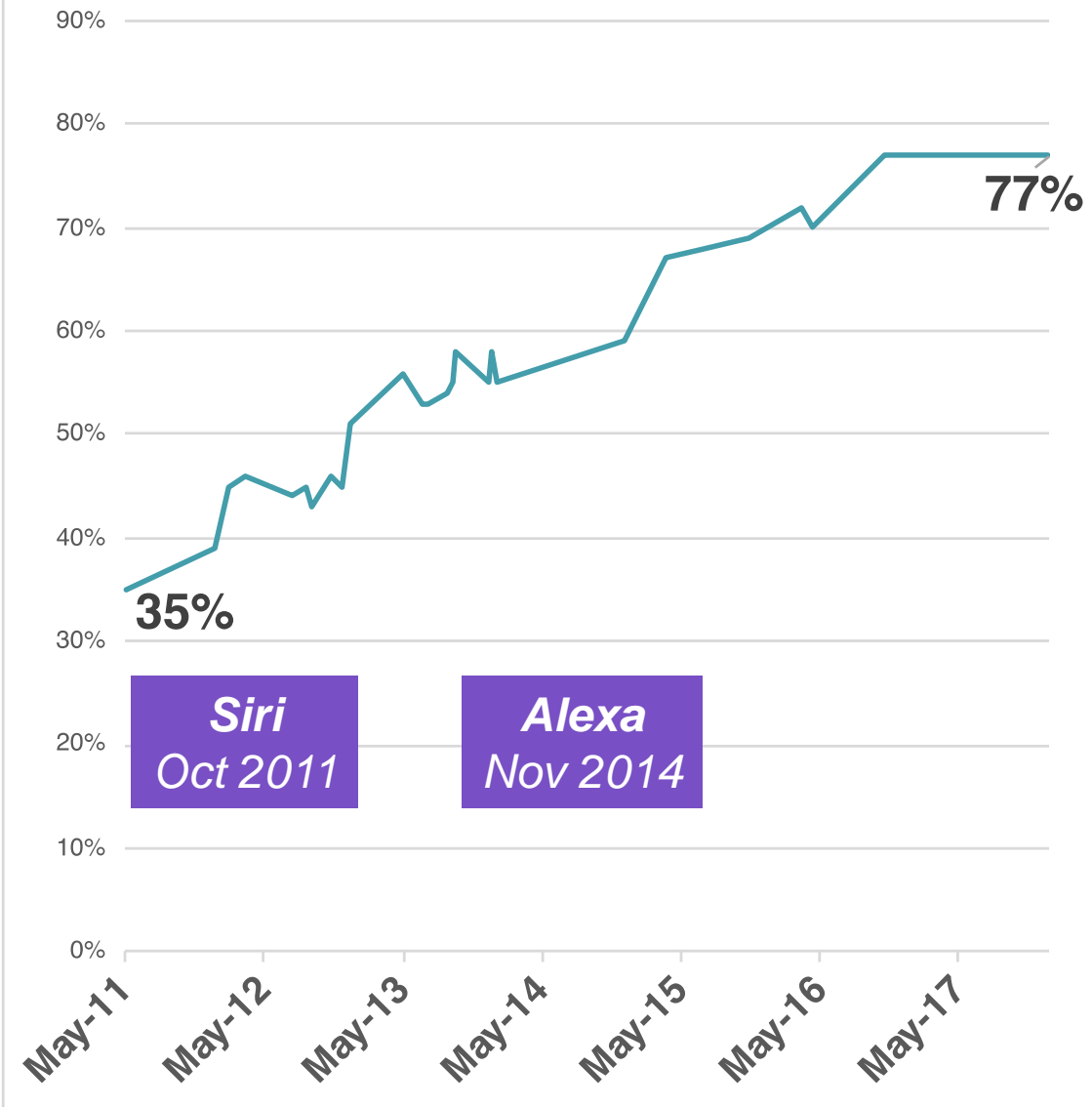
This habitual framework matters when it comes to **ENGAGING** with a program and **ADOPTING** new technologies

Note that while Millennials get all the credit for being digital natives, **over HALF of Boomers use their phones to make a purchase**

Smartphone: Use by Generation



% of US Adults who own a Smartphone



*It took **7 YEARS** for Smartphone use to grow to 77% of the total population*



Of Millennials
have used a
Digital Assistant to
make a purchase

More frequent uses of Digital Assistants:

- Play music
- Weather and traffic
- Reminders and texts

ON A MACRO LEVEL

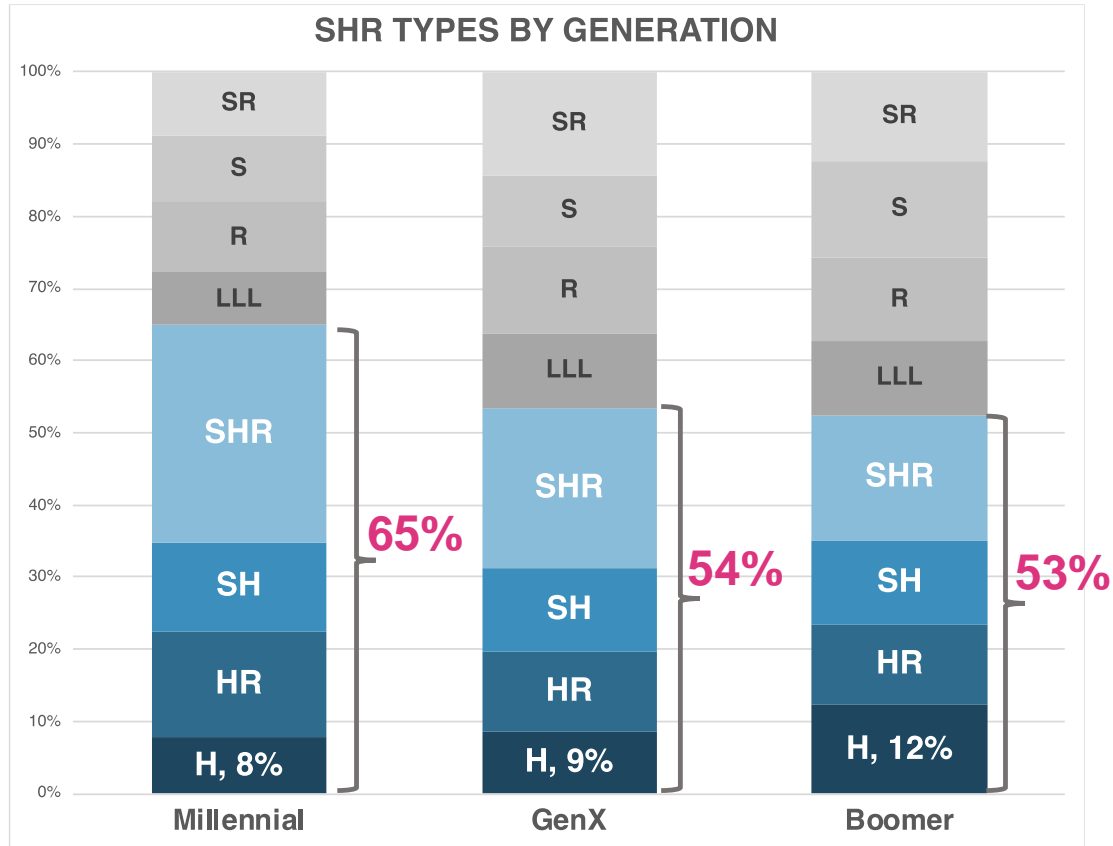
Millennials and Gen X more likely



Boomers more likely



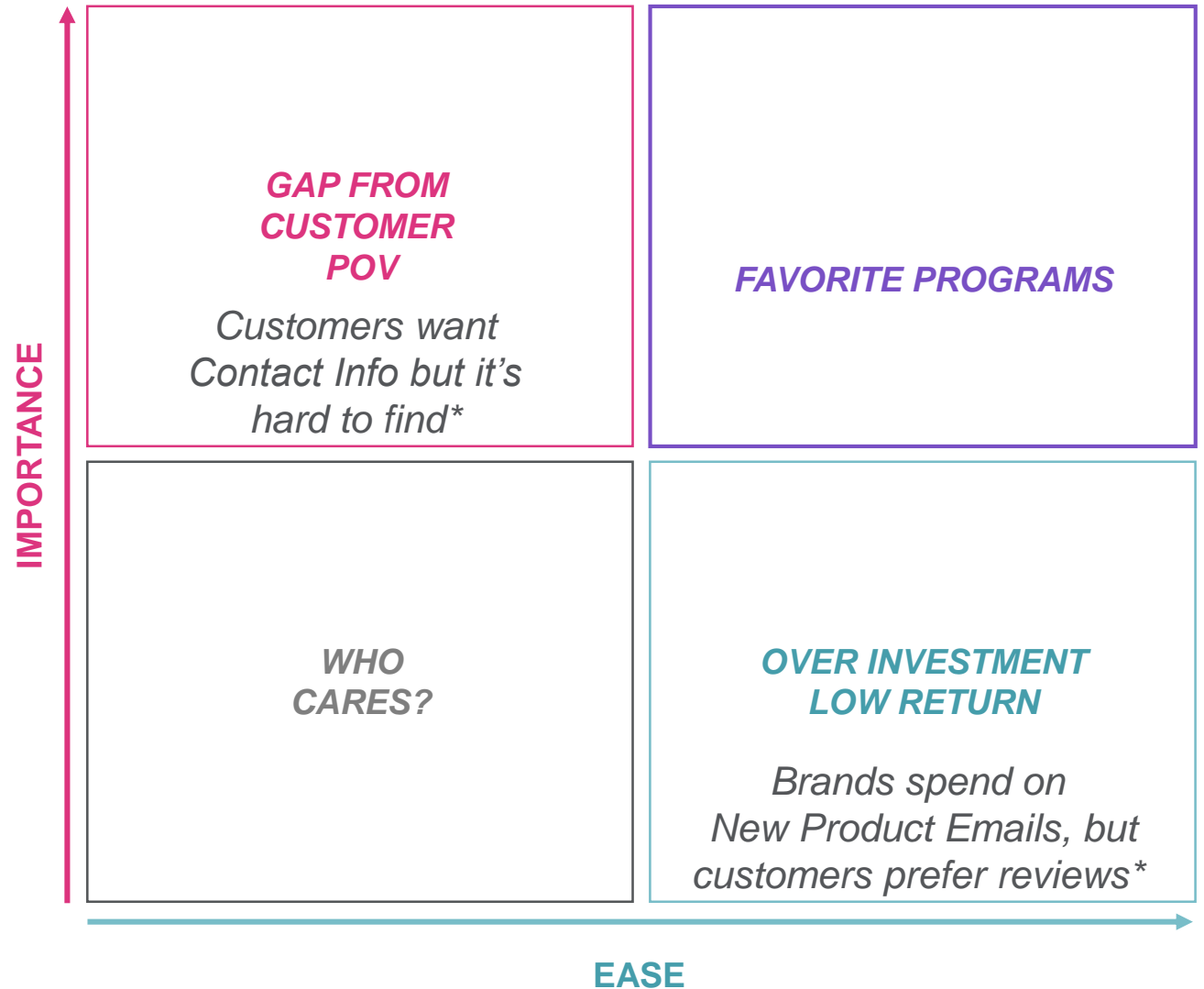
But looking at customers with more than 1 motivation, **HABIT** motivates over half of customers across all generations



Source: Kobie Proprietary Research 2019.

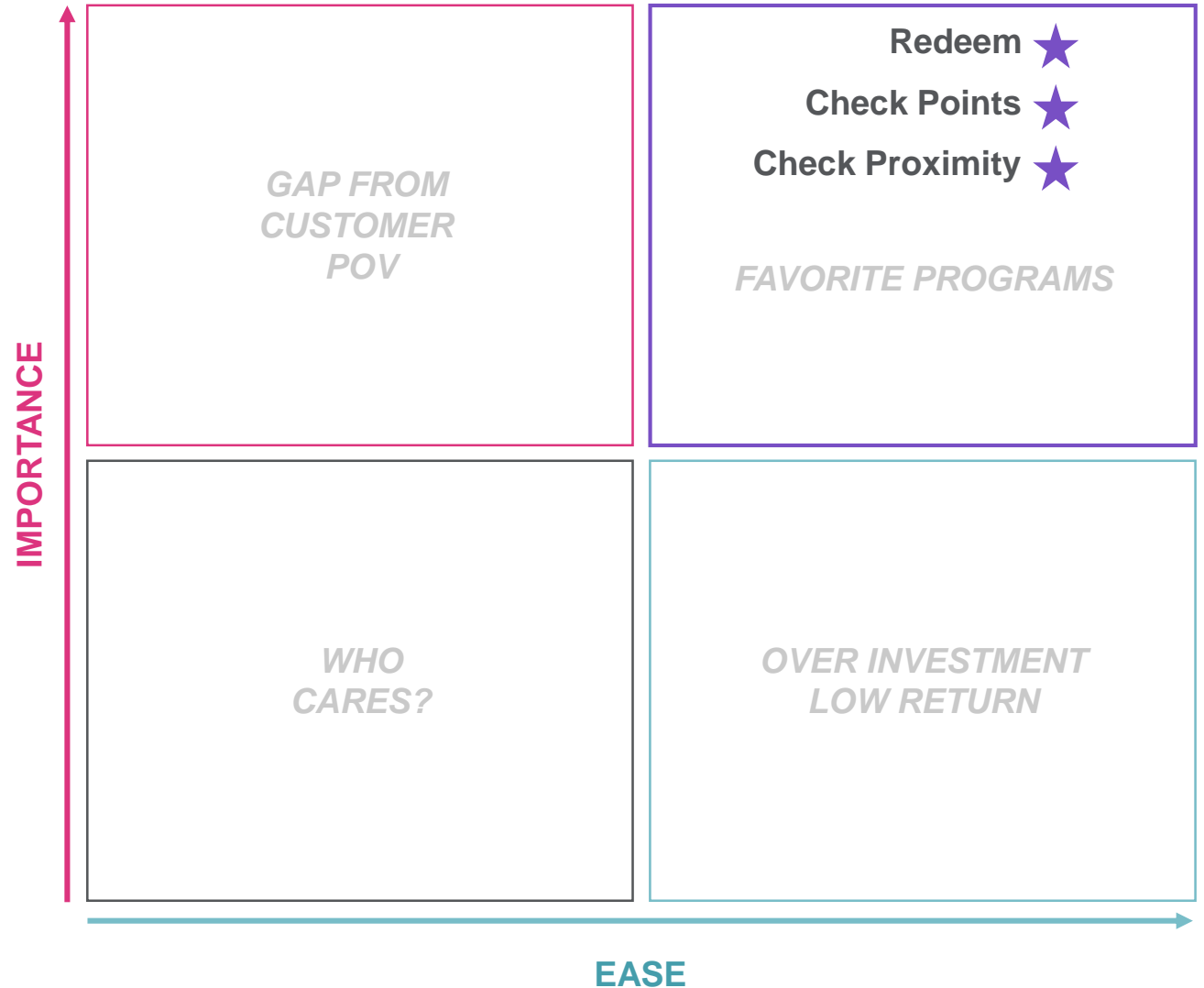


NUMBER OF RESEARCH STUDIES THIS YEAR ON **IMPORTANCE** VS. **EASE OF USE**

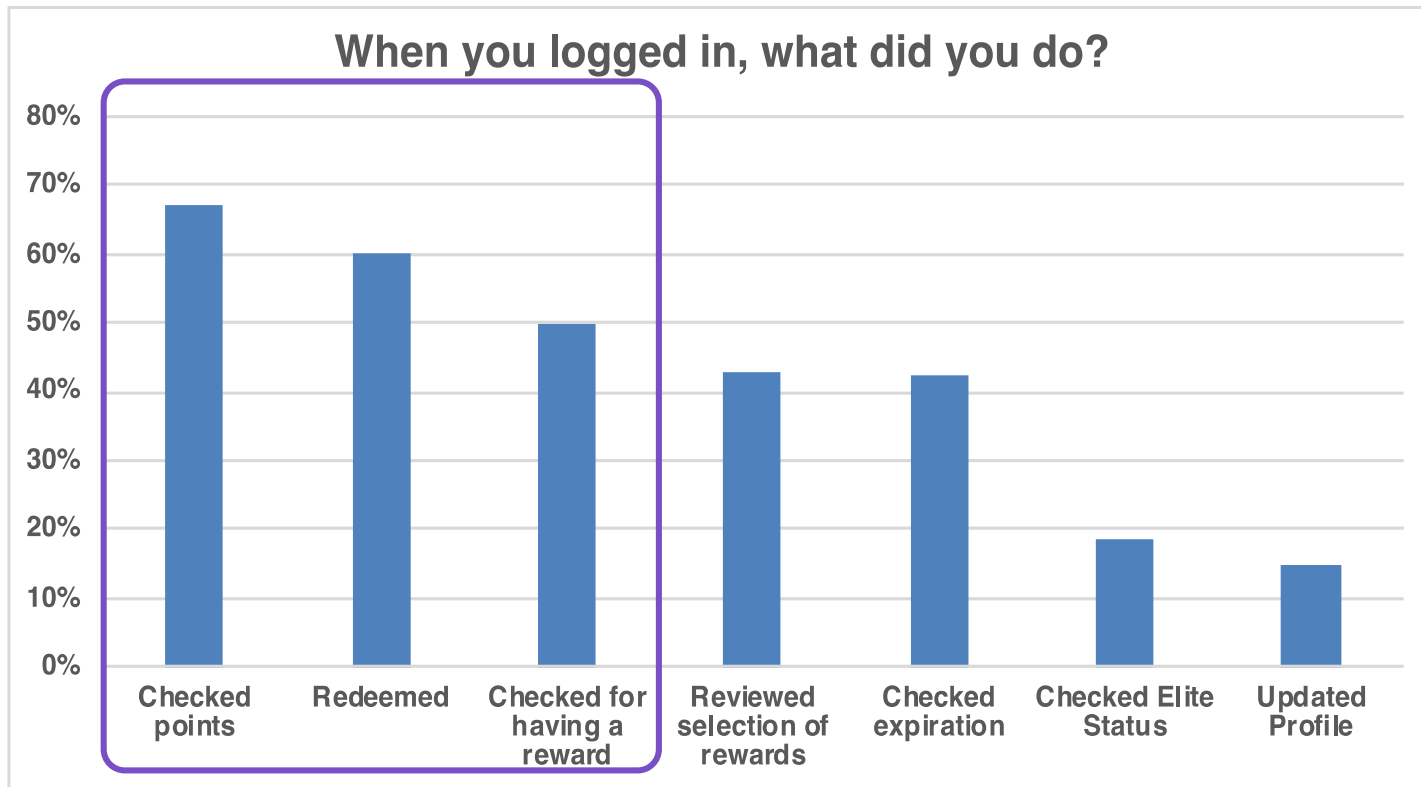


Source: Alliance Data, The Great Divide, March 2019.

We asked
“Which loyalty
program functions
are **IMPORTANT**
to you? Which are
EASY?”



WHAT DO THEY REALLY DO WHEN THEY LOGIN?

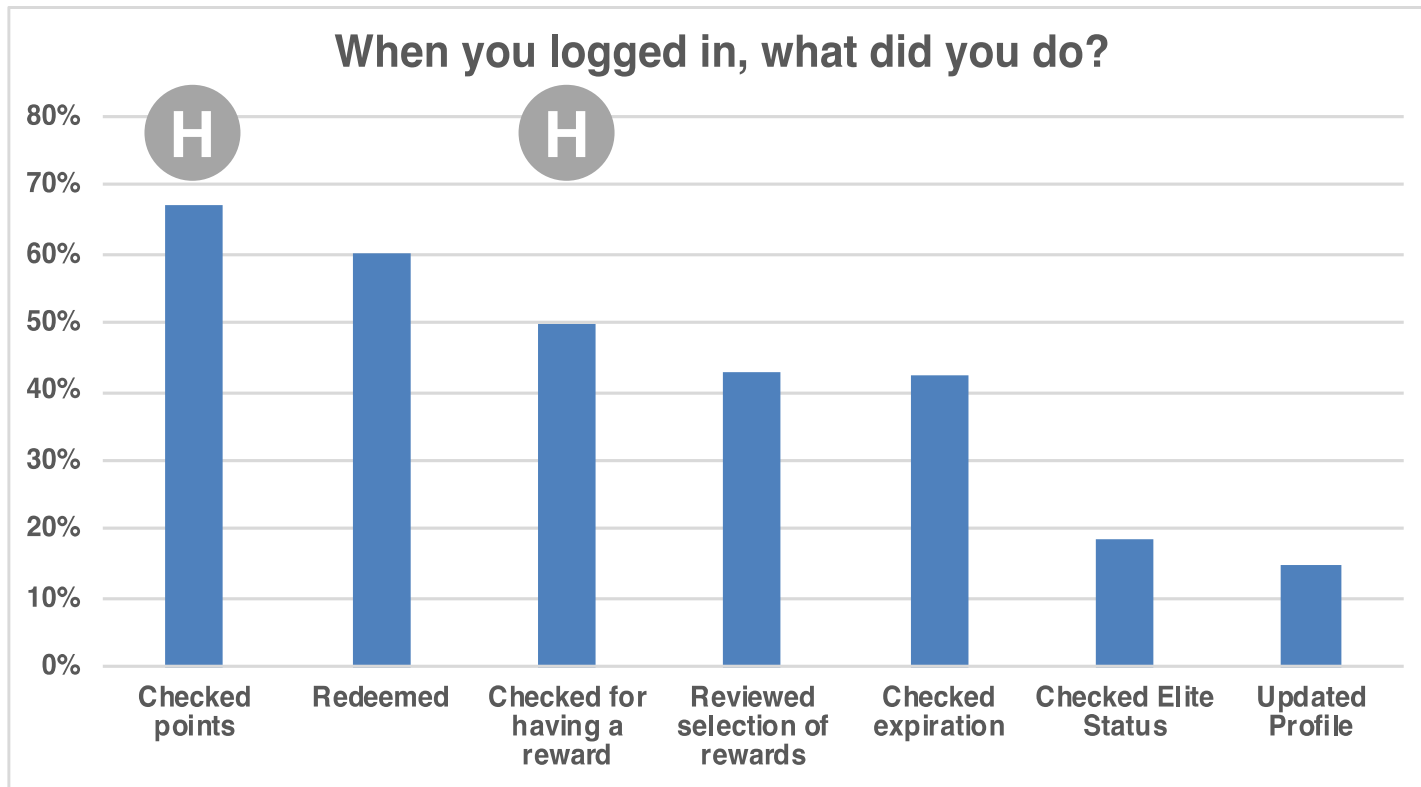


Source: Kobie Proprietary Research 2019.

WHAT DO THEY REALLY DO WHEN THEY LOGIN?

HABIT people in particular are less likely to:

1. Check points or see if they had a reward if they did log in
2. Redeem via mobile

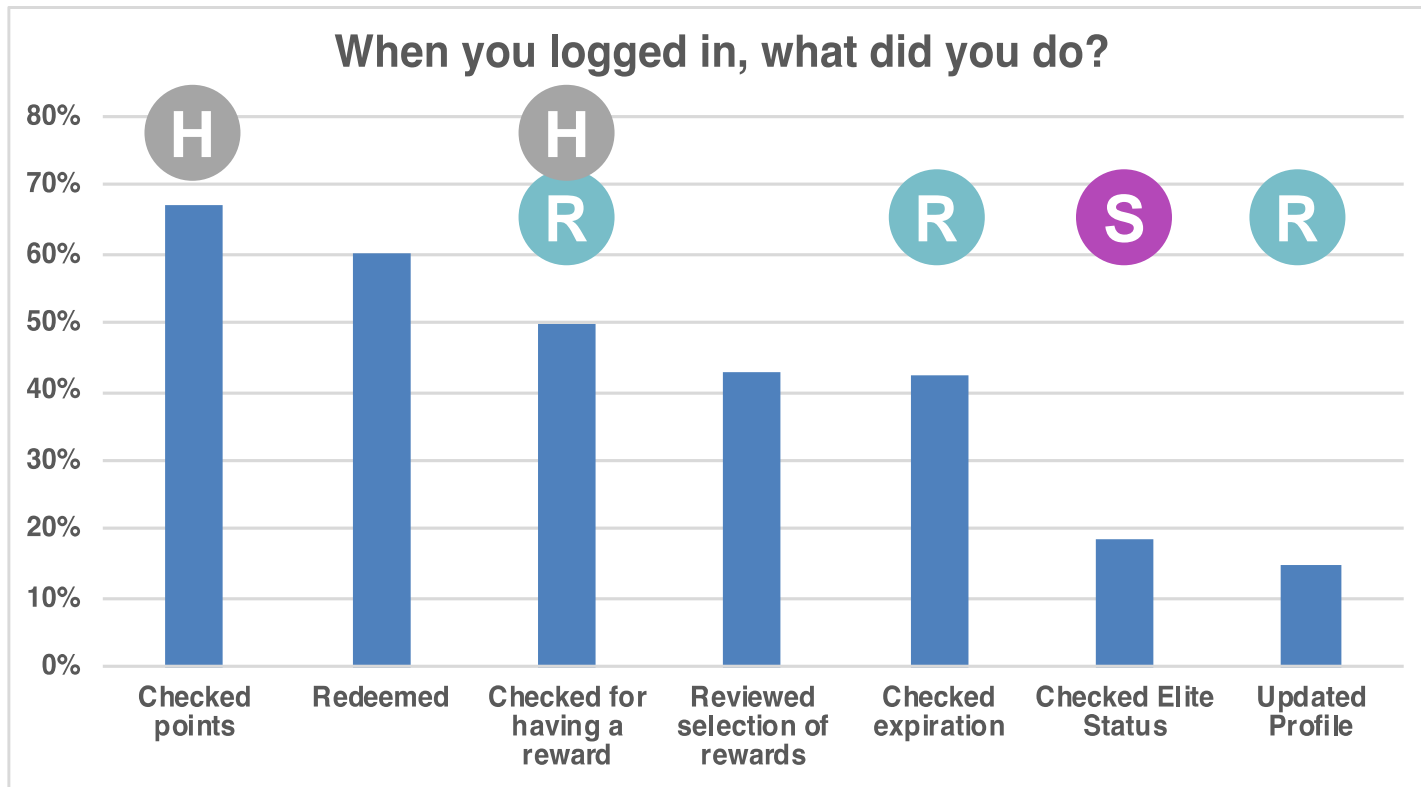


Source: Kobie Proprietary Research 2019.

WHAT DO THEY REALLY DO WHEN THEY LOGIN?

HABIT people in particular are less likely to:

1. Check points or see if they had a reward if they did log in
2. Redeem via mobile



REWARDS EXPIRE!
IF I EARNED THEM - DO NOT
TAKE THEM AWAY!!!

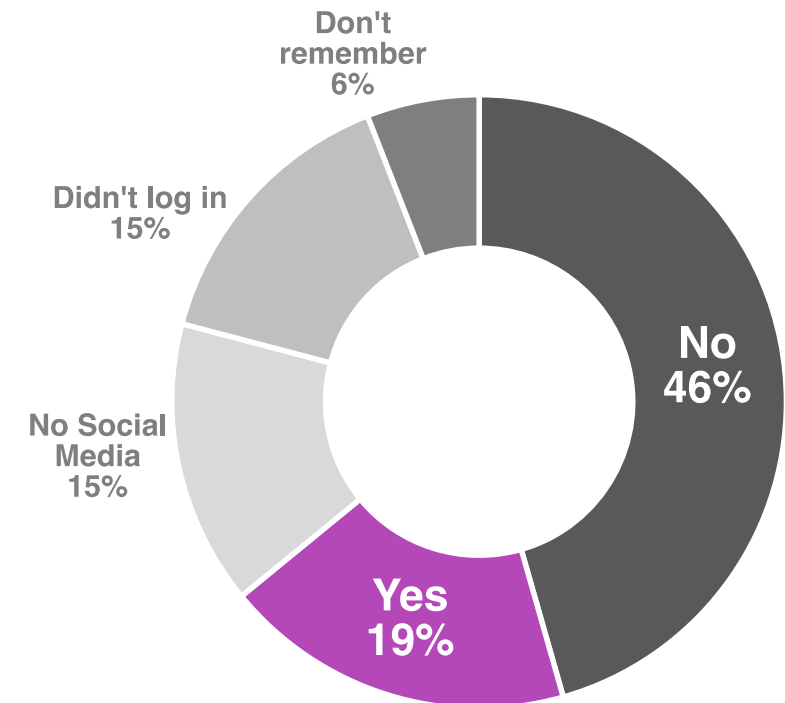
Source: Kobie Proprietary Research 2019.

Social media willingness

- 69% of all generations use Facebook* or other social media –
- *but that doesn't mean they want to use their credentials to login*

**Source: Pew Charitable Trust Technology Report.*

Did you use social media to log into a Rewards Account?

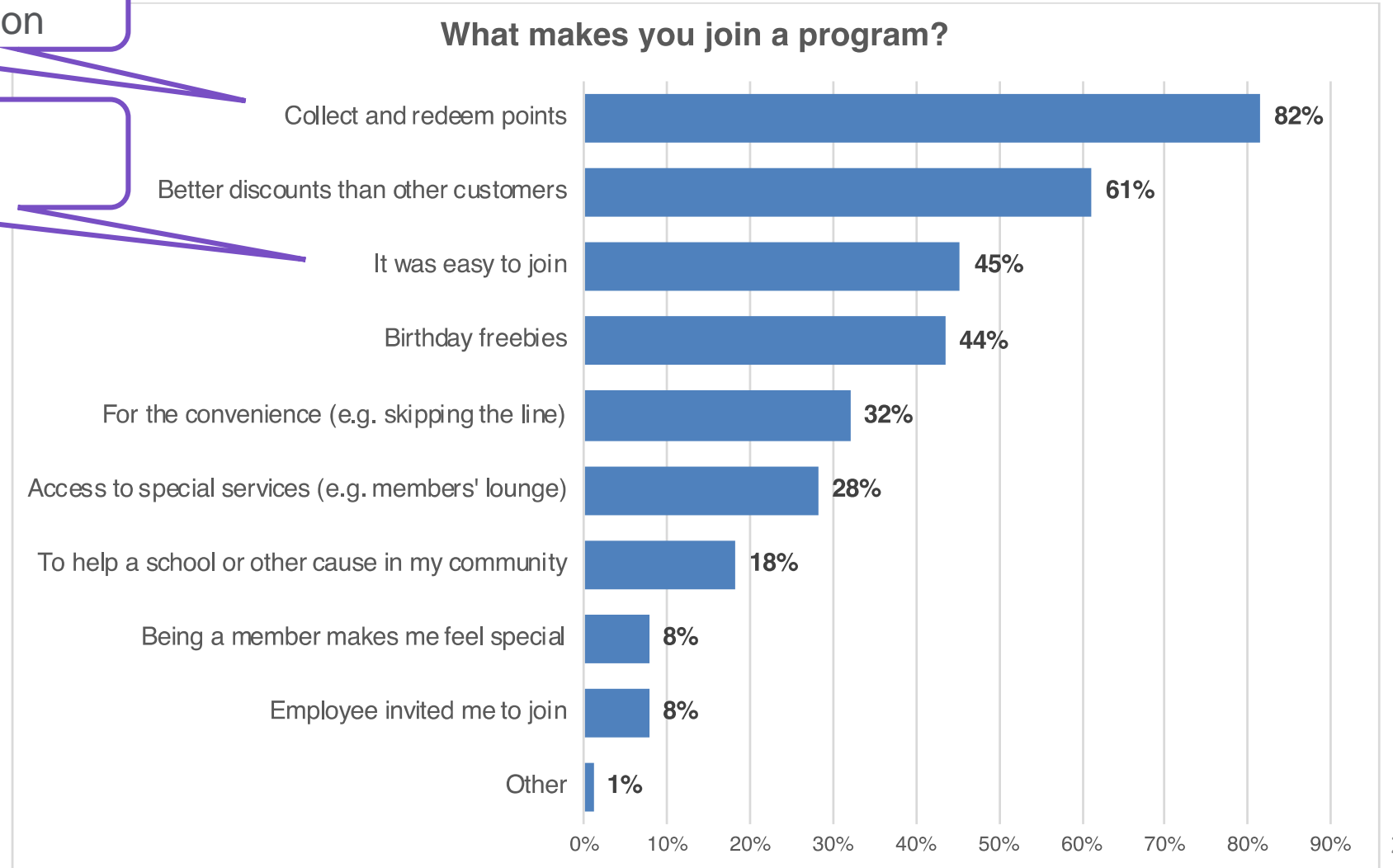


Source: Kobie Proprietary Research 2019.

RECOGNIZE WHY CUSTOMERS JOIN

Notice that collecting points is still far and away the #1 Reason

Easy to Join is #3



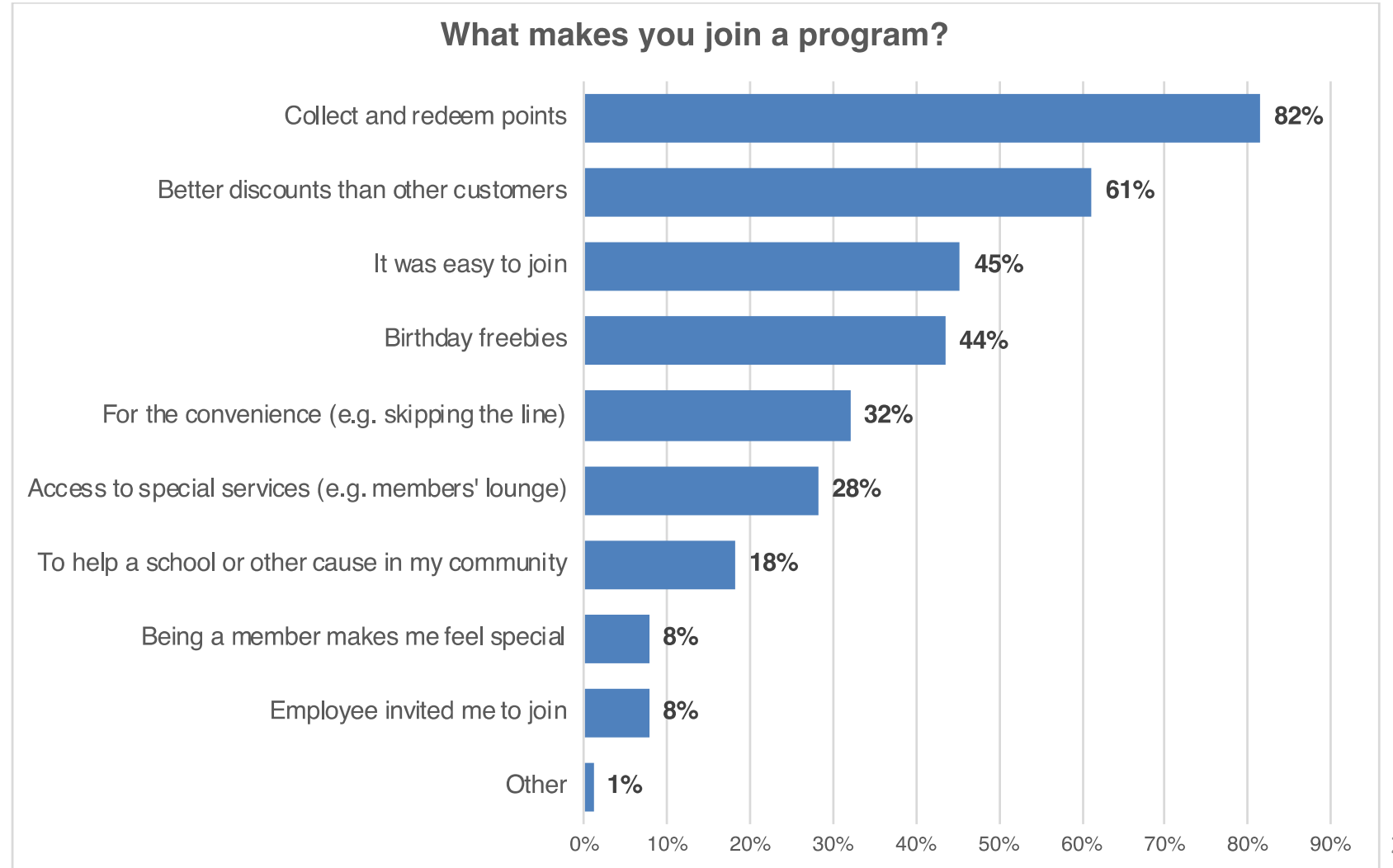
RECOGNIZE WHY CUSTOMERS JOIN

S

S

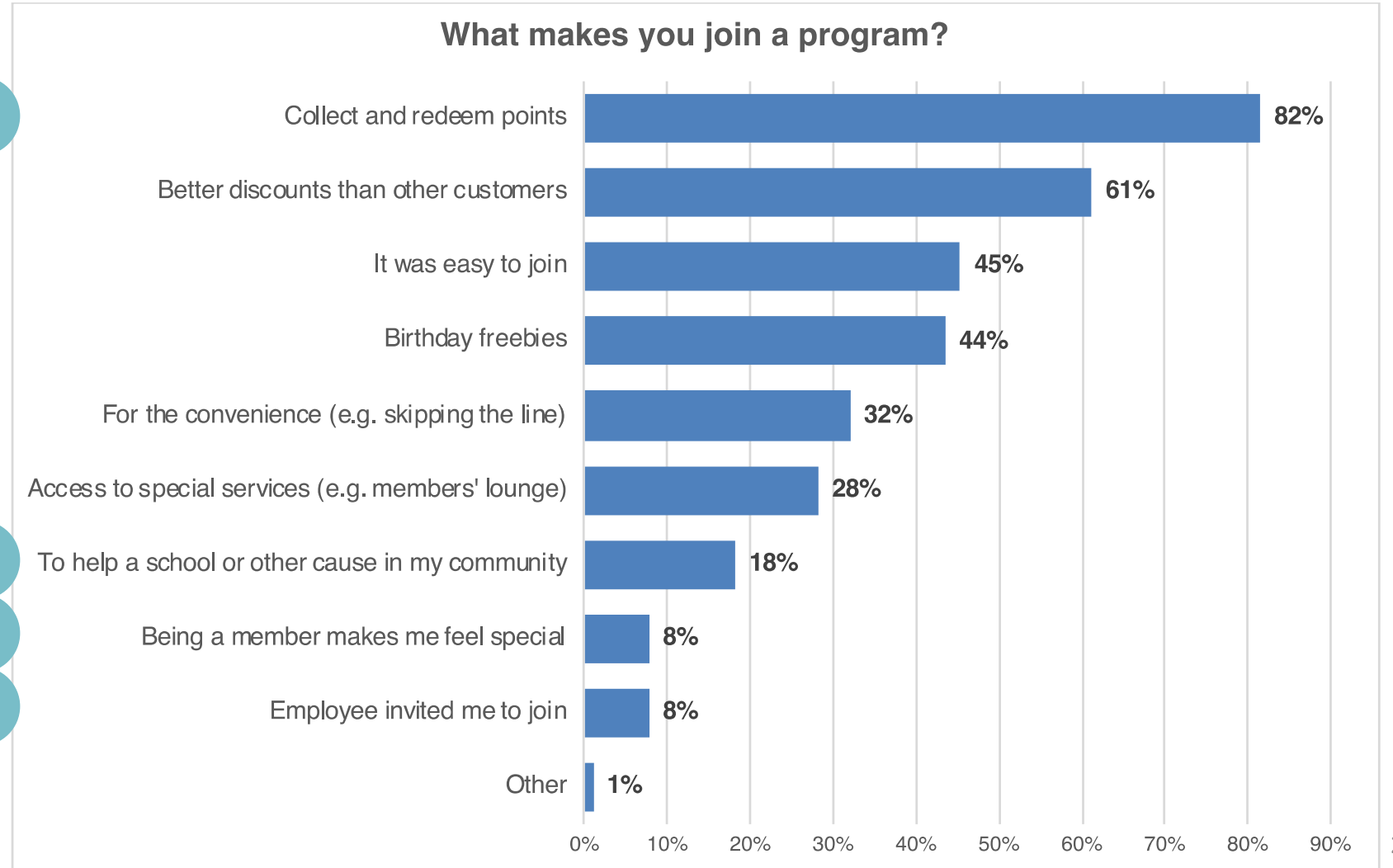
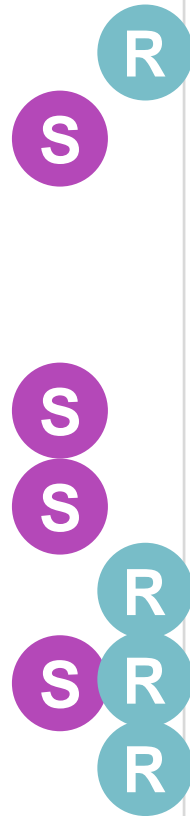
S

S



Source: Kobie Proprietary Research 2019.

RECOGNIZE WHY CUSTOMERS JOIN

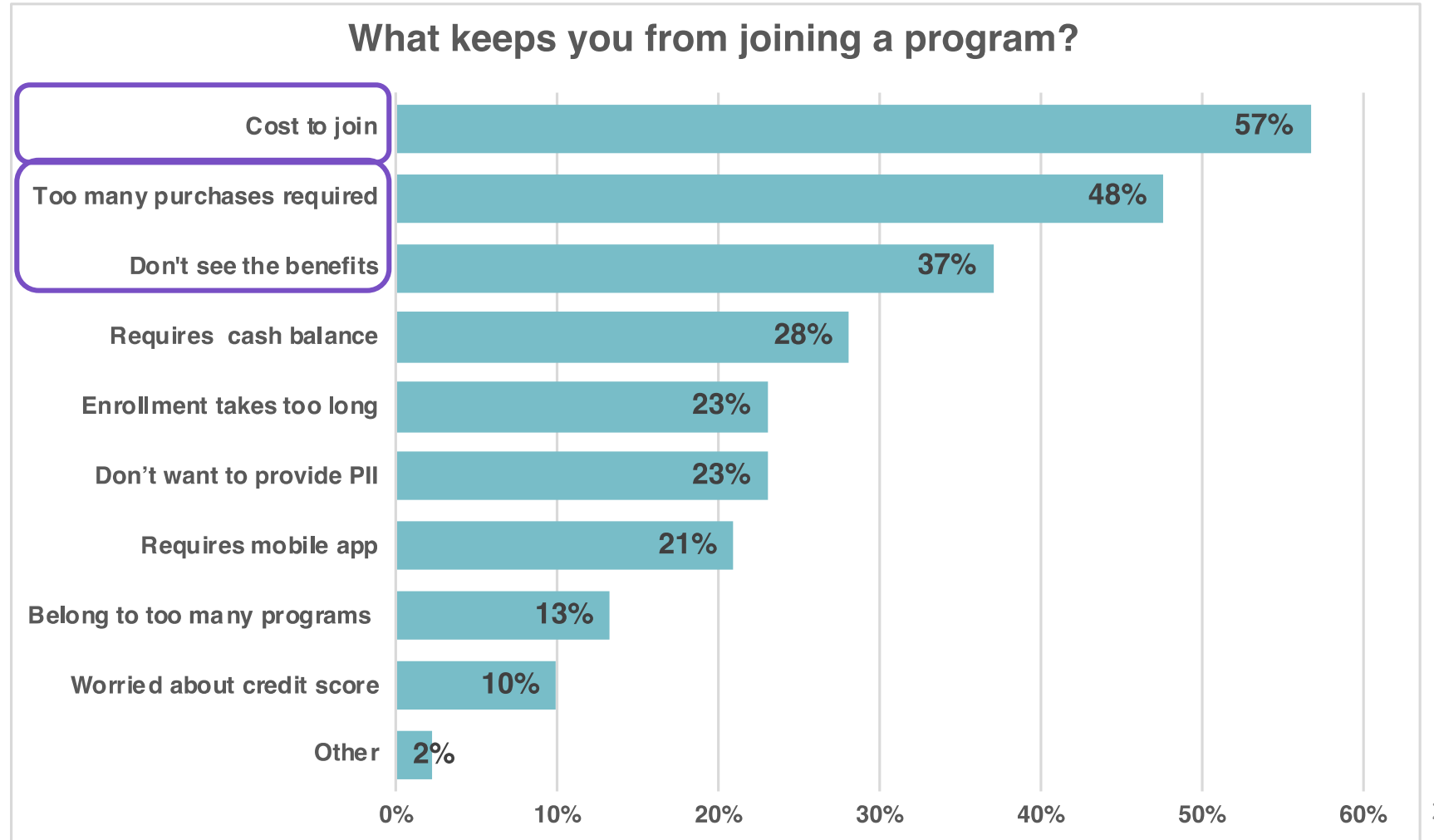


Source: Kobie Proprietary Research 2019.

AND WHAT KEEPS CUSTOMERS FROM JOINING...

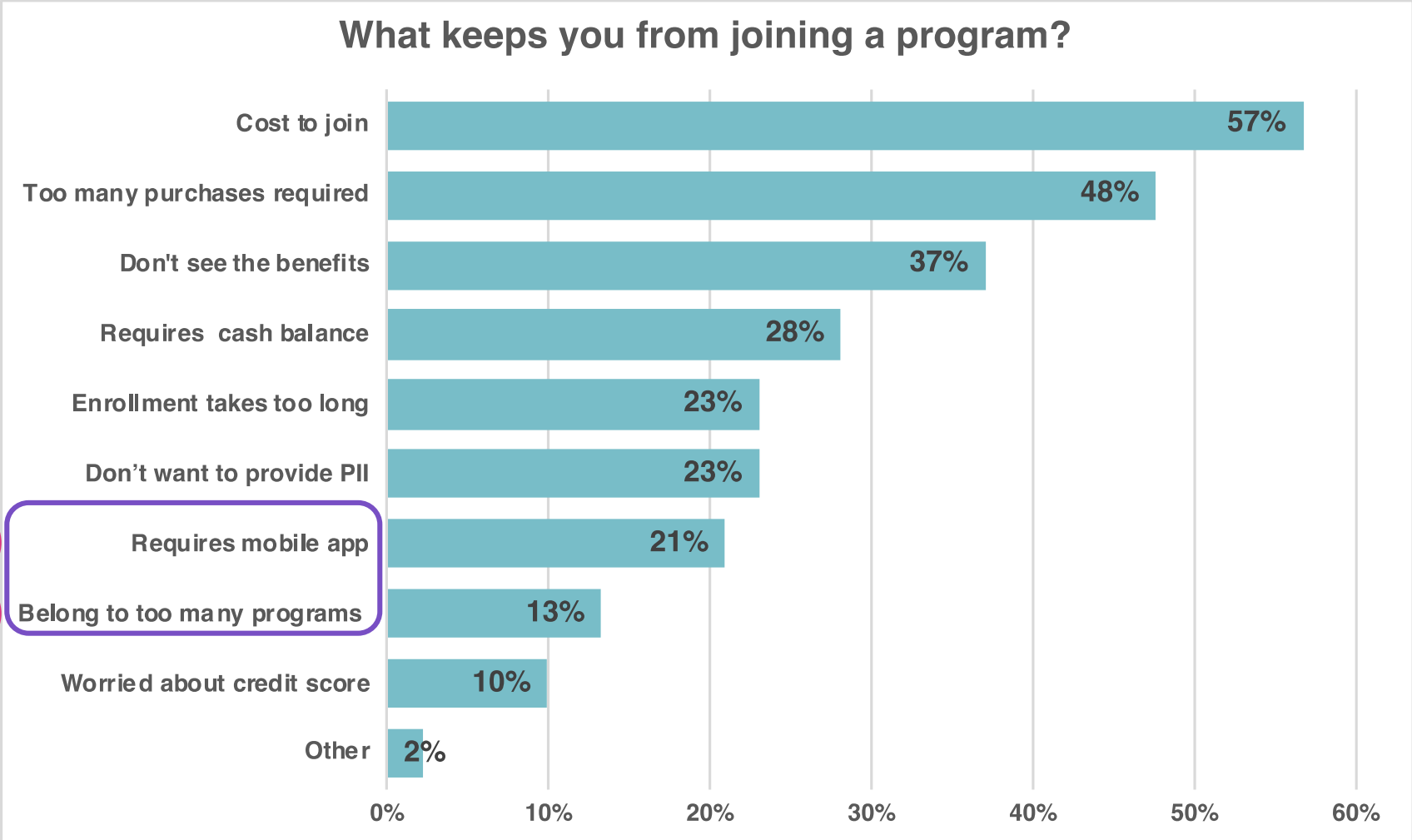
Cost to Join is #1

To justify a fee, pay attention to #2 and #3



Source: Kobie Proprietary Research 2019.

AND WHAT KEEPS CUSTOMERS FROM JOINING...



Source: Kobie Proprietary Research 2019.



When surprise may not become delight

A **GOOD** experience with a loyalty program can increase my feeling of commitment to a company.



A **BAD** experience with a loyalty program has reduced my feeling of commitment to a company.

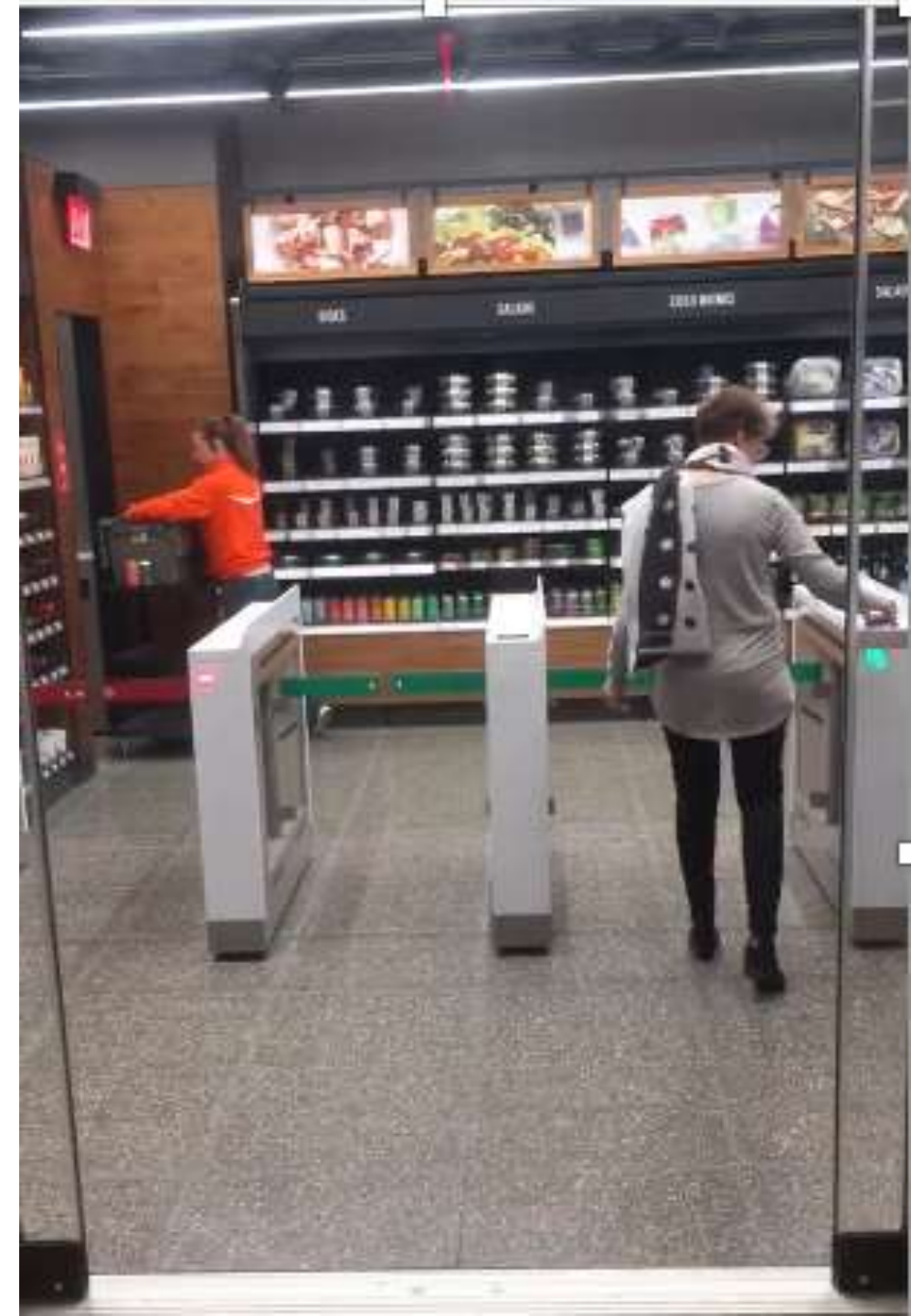


Good experiences are important for customers motivated by **STATUS** & **RECIPROCITY**

Avoid anything out of the usual for customers motivated by **HABIT**.

CASE STUDY: AMAZON GO

*HOW TO GET CUSTOMERS
MOTIVATED BY **HABIT**
THROUGH THE LEARNING CURVE*



LITERAL BARRIER TO ENTRY

Get the app to enter the store

Sign in once, visit as often as you like.

Or just sign in

Scan here to log in to your Amazon account with each visit.

How to get HABIT motivated customers through the learning curve

Employees can make a difference



Once **HABIT**
established

Your trip time was 22s

Yesterday

Your trip time was 22s

1:05 PM

2 ITEMS



Fujisan Poke Salad, 7 Oz

\$5.99



Ham + Brie Sandwich, 8.67 oz

\$6.99

Subtotal

\$12.98

Sales tax

\$0.29

Total (Visa *6415)

\$13.27

THANKS FOR SHOPPING, KATE!

Amazon Go | W Adams & S Clark

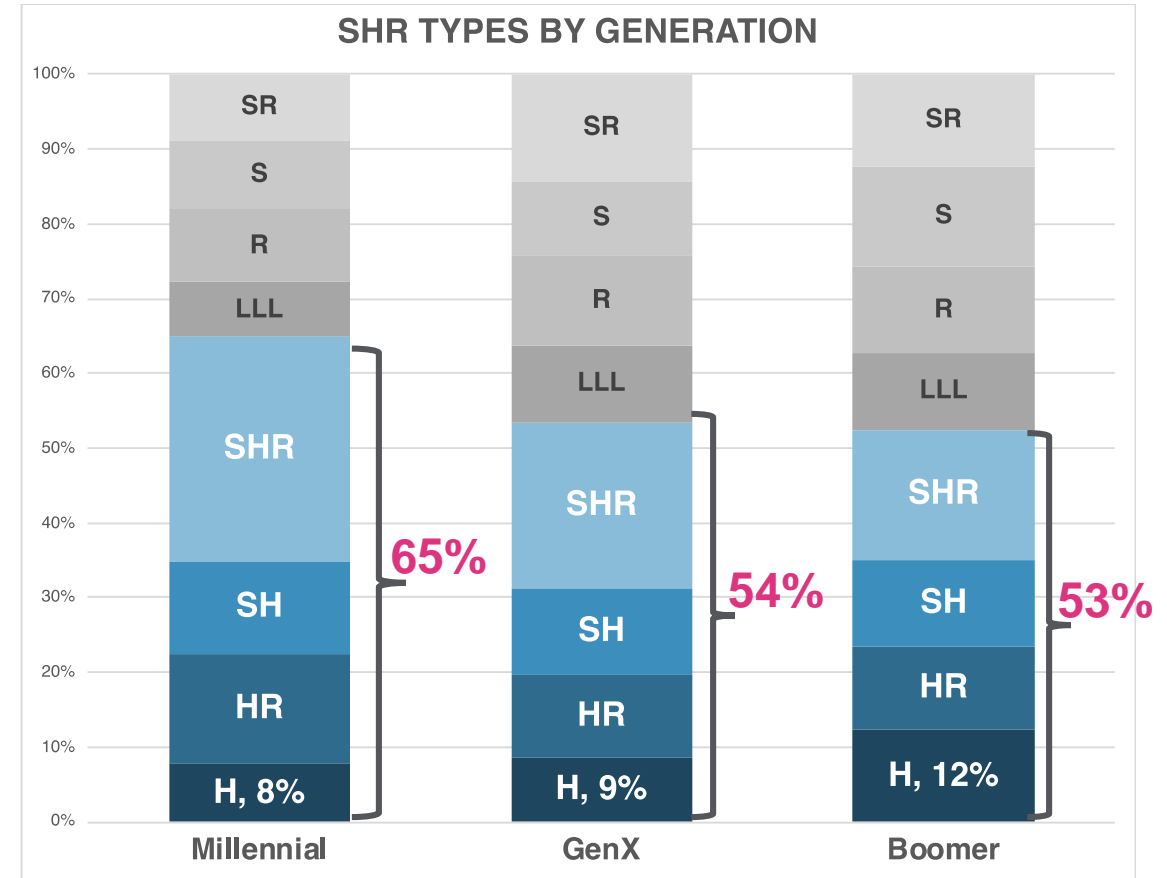
144 S Clark St Ste 100, Chicago, IL 60603-4010

[Contact us about this trip](#)

Order #113-6186371-8921818

[Learn more about refunds](#)

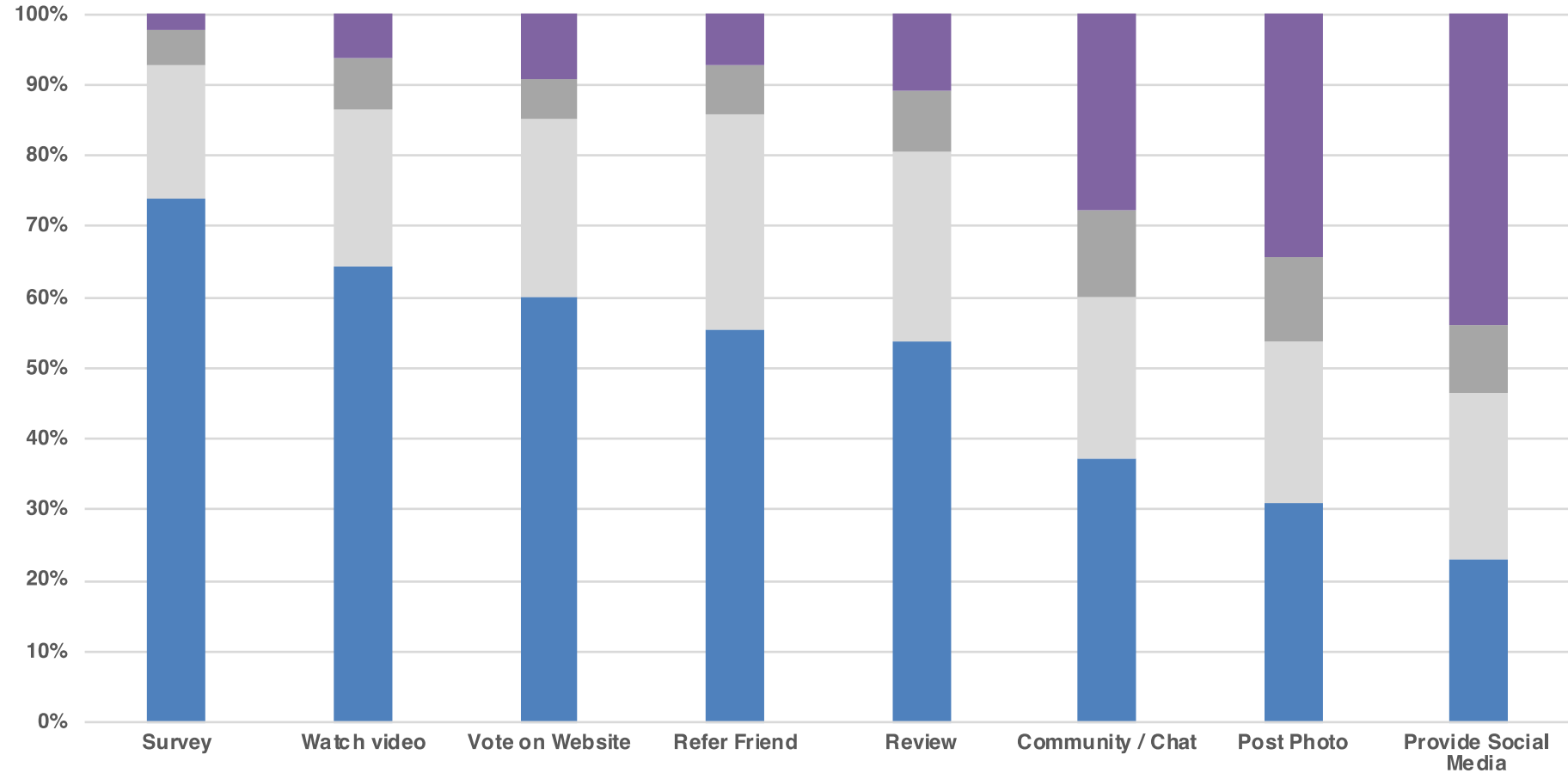
Can you leverage
STATUS or
RECIPROCITY
 to get customers to adapt
 and adopt?



Adopting new behaviors.

Likelihood to do an activity to earn points

- I would never do this
- I would be less likely if I earned points
- I would be no more or less likely if I earned points
- I would be more likely if I earned points

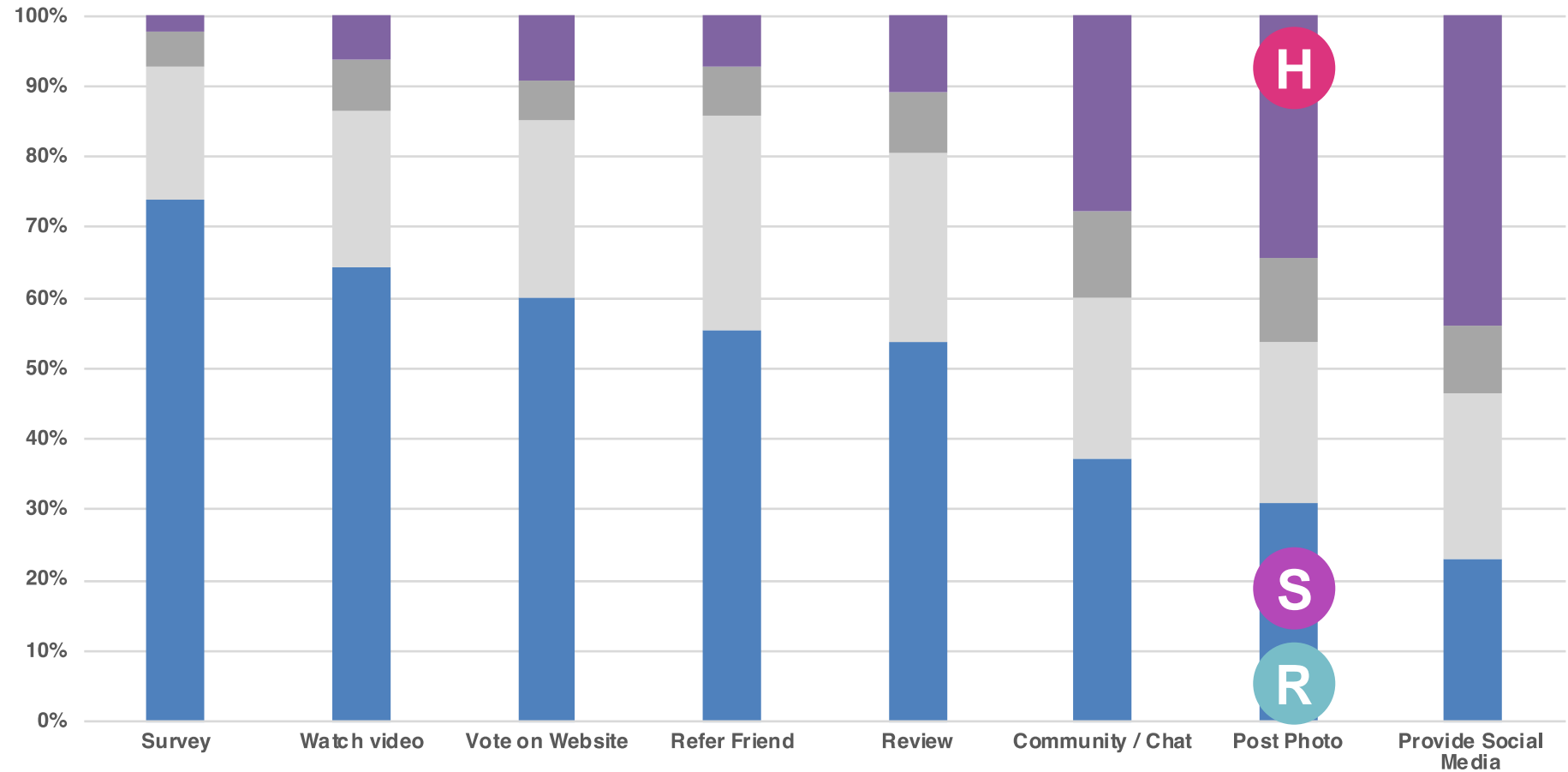


Source: Kobie Proprietary Research 2019.

Leverage **RECIPROCITY** and **STATUS** to override **HABIT**-related reluctance

Likelihood to do an activity to earn points

- I would never do this
- I would be less likely if I earned points
- I would be no more or less likely if I earned points
- I would be more likely if I earned points

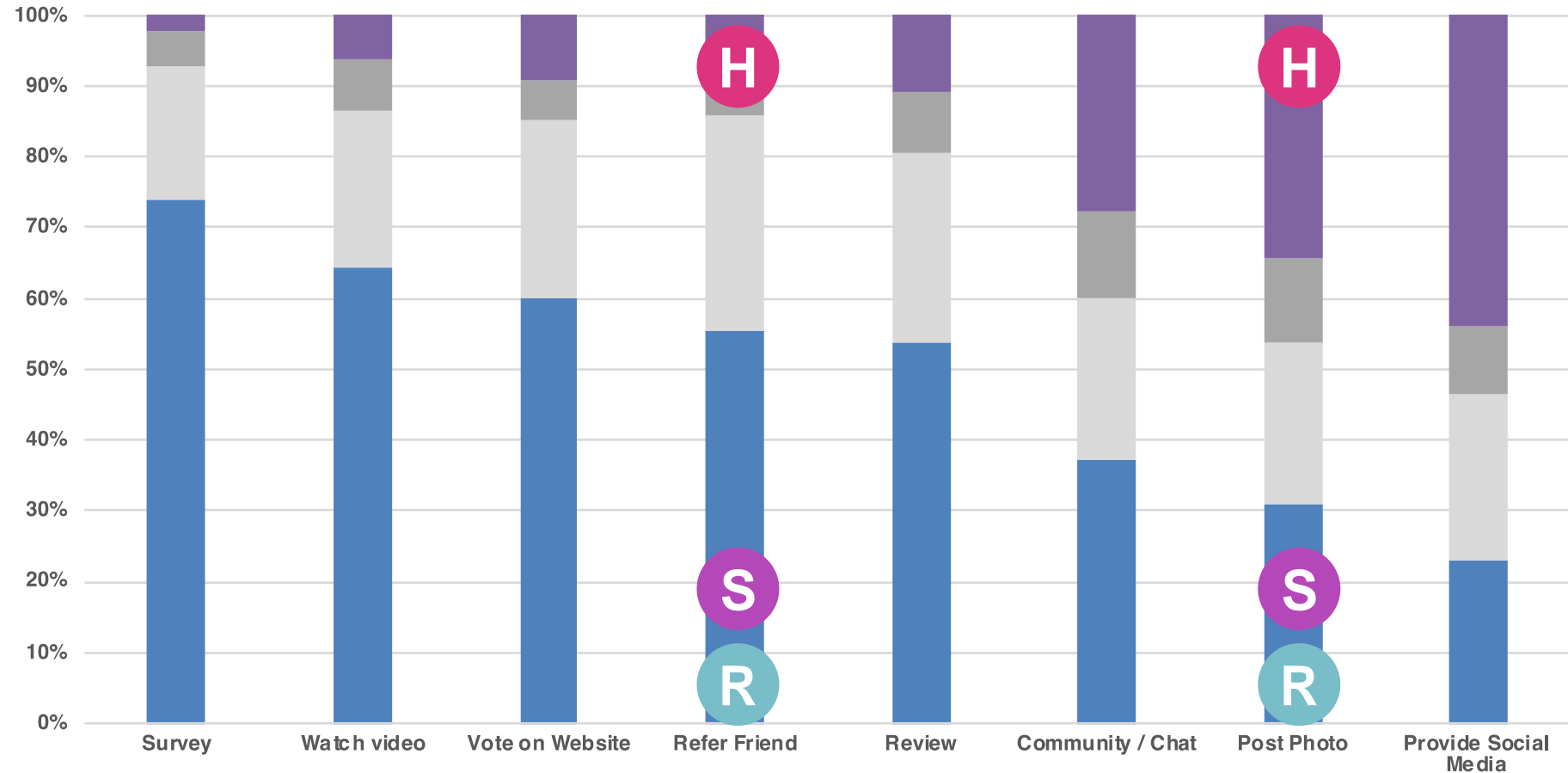


Source: Kobie Proprietary Research 2019.

Leverage **RECIPROCITY** and **STATUS** to override **HABIT**-related reluctance

Likelihood to do an activity to earn points

- I would never do this
- I would be less likely if I earned points
- I would be no more or less likely if I earned points
- I would be more likely if I earned points

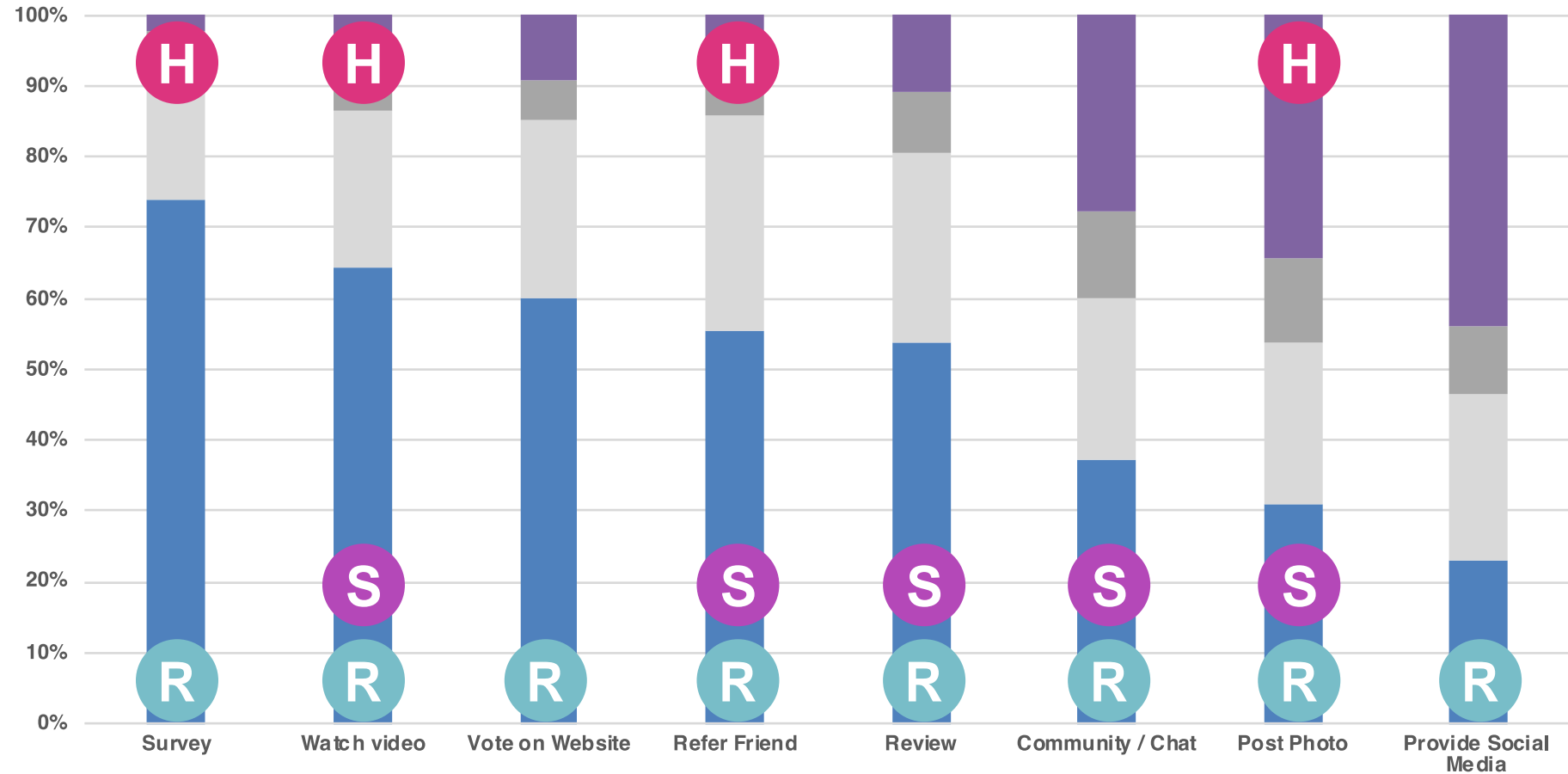


Source: Kobie Proprietary Research 2019.

RECIPROCIITY motivated customers like being compensated for engagement

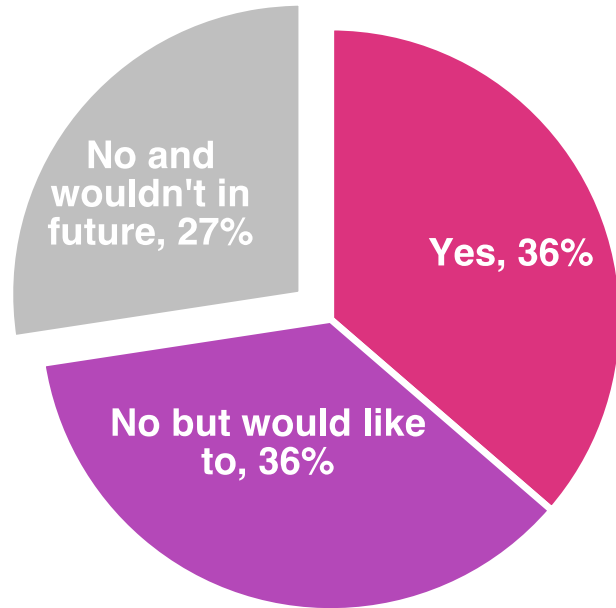
Likelihood to do an activity to earn points

- I would never do this
- I would be less likely if I earned points
- I would be no more or less likely if I earned points
- I would be more likely if I earned points



Source: Kobie Proprietary Research 2019.

Have you ever given a reward to a friend or family member?



Source: Kobie Proprietary Research 2019.

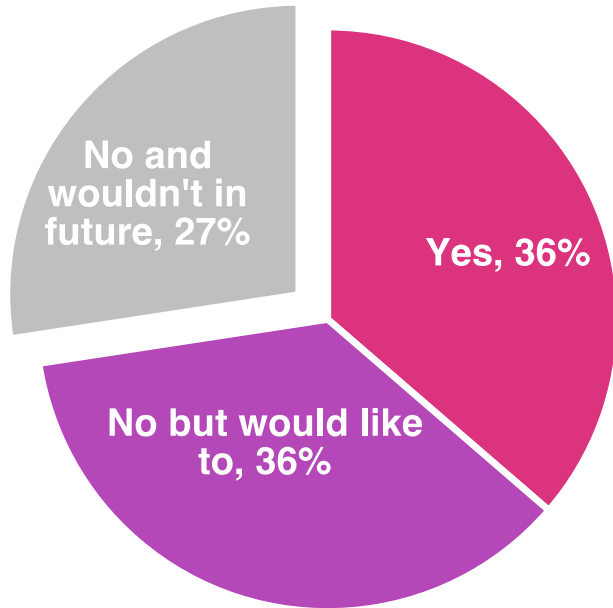
Willingness to give a reward to others

STATUS, HABIT, RECIPROCITY?



Reciprocity more likely

Have you ever given a reward to a friend or family member?



Source: Kobie Proprietary Research 2019.

Willingness to give a reward to others



Reciprocity more likely

AGE? GENDER?



Millennials more likely

Men more likely

Are men *really* more likely to give their rewards to others?



KEY TAKEAWAYS:

1. Knowing what **MOTIVATES** your customers can help you **ENGAGE** your customers during times of transition...and **transitions take time.**

2. Make it **EASY** and **FAMILIAR** for your **HABIT** motivated customers and you'll make it easy for **ALL** customers.



3. *Test new technology with your **HABIT** motivated customers.*

Augmented Reality Virtual Reality MFA/2FA Contactless checkout AI CLOs Bitcoin Blockchain Fintech Telemed

IoT 5G Biometrics BOPIS MTL Cashless

Cloud Data Machine Learning P2P





4. Leverage **STATUS** and **RECIPROCITY** in communications and benefits to help customers get through the learning curve.

5. *Your employees can help you make a **HUMAN CONNECTION** that builds lasting emotional loyalty.*



KNOW WHAT MOTIVATES YOUR CUSTOMERS

Kate Hogenson, Senior Loyalty Consultant

Sarah Queller, Senior Data Analyst



THANK YOU!

Kate Hogenson, Senior Loyalty Consultant

Sarah Queller, Senior Data Analyst

Q&A