

Loyalty for life

Amidst the shadow of a looming recession, GyroHSR explores what loyalty means to today's consumers.



GYRO:HSR

I



Hello, Is Loyalty for Life a realistic ambition for today's Marketing Director?

Leading economies are teetering on the edge of recession. Growth is slowing, the credit crunch is slimming budgets and throughout the world, consumers are tightening their belts and spending less.

Our research has shown that for today's marketer, never before has it been more vital to cultivate a dedicated following of advocates loyal to your brand. These are consumers who will stay loyal through the dark times and tough economic conditions and who won't jump ship at the first sign of a cheaper alternative.

As you will see in the following pages, we have explored consumer attitudes towards loyalty and investigated the priorities of Marketing Directors around the world as brands look to navigate their way through these challenging times.

The results have proved to be interesting. I hope you enjoy this summary.

Regards,

A handwritten signature in black ink that reads "R. Mabbott". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Richard Mabbott
GyroHSR

83%

of the Marketing Directors we panelled agreed that they are focusing on their current customers more than ever in the weaker economic climate.

51%

are focusing on creating loyalty and loyalty marketing.

On the 7th August 2008 GyroHSR created LoyaltyForLife.co.uk, a simple website developed to understand consumer opinion on loyalty.

Since then, the site has received over 500 open-ended responses, representing consumer opinion on brand loyalty and the conditions which make us more loyal or disloyal.

On the back of LoyaltyForLife.co.uk, GyroHSR used its panel 'Engage', to research the views of over 1,500 consumers who were asked about loyalty and their relationship with brands.

Marketing Directors were questioned about their marketing focus given the current economic conditions.

Our research

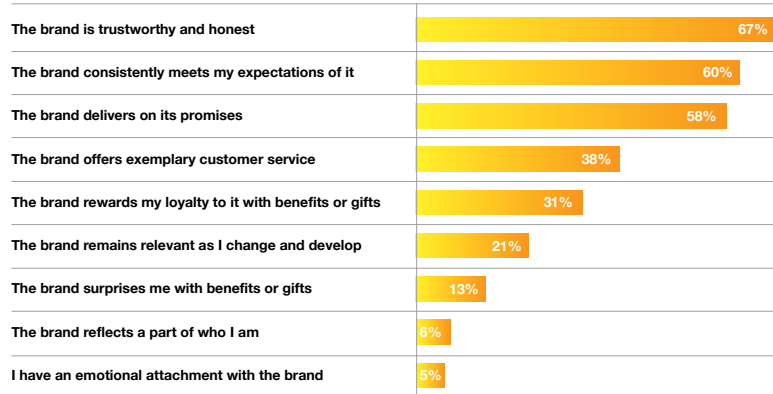
- 500 respondents on LoyaltyForLife.co.uk
- 1,500 consumer surveys completed through GyroHSR's online panel



What makes consumers loyal to a brand?

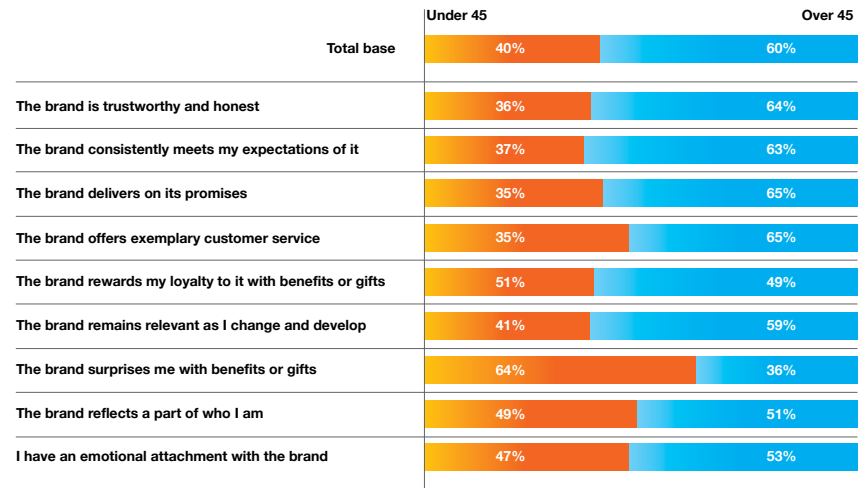
The following list contains attributes that affect the relationship between companies/brands and consumers.

Respondents were asked to select their top 3 attributes which would make them loyal to a particular company or brand.



Comments from LoyaltyForLife.co.uk suggested that opinions differed with age. This prompted us to split our results by age in order to confirm where these differences lie.

After careful analysis, GyroHSR extracted 4 key areas that drive customer loyalty.



1. Loyalty starts with the basics and a brand's ability to deliver on its promise.

“To maintain loyalty, it is crucial to deliver on promises. In order for there to be loyalty, there has to be trust. Once this trust has been broken, the chain is broken.”

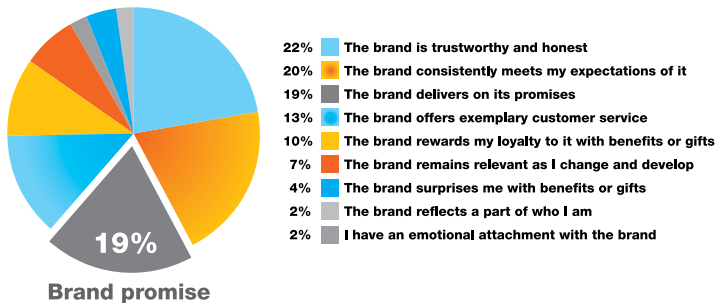
Jane King, UK

First of all, do the basics brilliantly. Every touch point has the potential to win or lose customer business.

People want things to work, they want a brand to stay true to its promises and they don't want any lapses or let downs. When things go wrong, be proactive, they will want it fixed. The majority of our panel stated that if the brand lets them down, it usually signals the end of their loyalty.

Our panel confirmed what was frequently repeated on LoyaltyForLife.co.uk: a brand must deliver on its promises (60%) and consistently meet the customers' expectations (58%).

Research findings:



* A case in point

When 3, the UK's first 3G mobile network company, launched with a fanfare on 03.03.03 they did so with high value contract tariffs and an advertising strategy that drifted more towards a 30-something Orange audience with every quarterly campaign.

After around 18 months of trading and the launch of cheaper, 'market busting' tariffs, the brand tracking research and customer intelligence research began to show some clear insights, consistent with GyroHSR's findings here.

The target 30-something audience were feeling let down by the inevitable technology glitches that were creating problems with network quality and handset performance. The younger audiences, attracted by value and the new video services, were far more forgiving and actually acting as loyal advocates for a brand that was giving them something different and at a good price.

The result – a new marketing strategy for 3 which re-orientated the brand, its services and its advertising around a younger 16-24 year old audience and led to multiple awards and plaudits.



2. Customers want the brands they choose to be open and honest.

“If you’ve been with a bank since you were 18 you expect some respect, but they don’t treat me as a loyal customer. If I am treated personally and not as a number, that’s a good start to getting my loyalty.”

Shirley Attia, United States

Consumers want honesty from a brand. They want to put trust in a brand’s promises and believe that they won’t be short-changed, lied to, or deceived. When the bond of trust is broken, often this can mark the end of the relationship.

Of all the respondents who answered our survey, 67% stated that being trustworthy and honest was the most important thing a company could do to win their loyalty.

Research findings:



A case in point

Two of T-Mobile's core brand values relate to being open and honest with customers. With this in mind and with mobile phones being such a prevalent and crucial part of everyday life, T-Mobile developed StreetCheck – an online coverage checker.

No network has 100% coverage, so with StreetCheck you can check your coverage before you sign up, ensuring no unwelcome surprises when you use your phone at home, at work, or anywhere else important to you.

Not only does this ensure long-term affinity to the network, it guards against negative reactions to the brand once the customer has signed up. In short, it means the customer knows they'll get what they pay for.



StreetCheck

Check your coverage in any UK street

It makes sense to check our network coverage before you join us, because it'd be a shame if your new mobile didn't work somewhere that's important to you.

How StreetCheck works

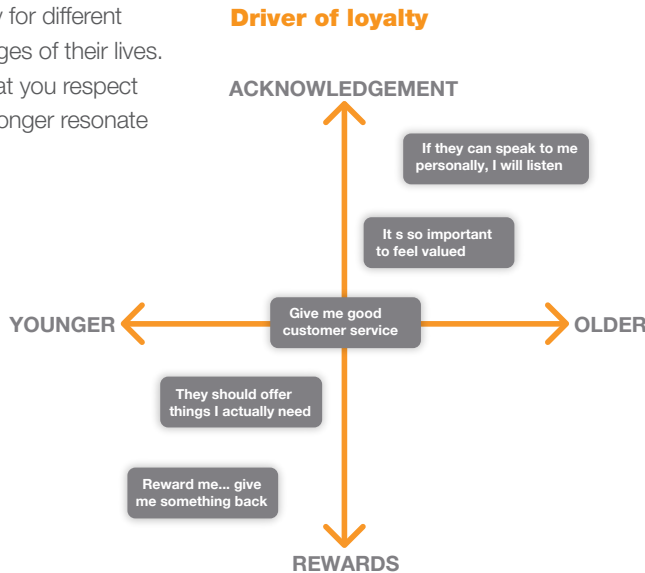
Simply enter the postcodes where you live, work and play and we'll show you maps of our outdoor coverage - it won't take more than a minute.

[Guide to coverage results](#) ▾

Live	Work	Play
<input type="text" value="Postcode or Place name"/>	<input type="text" value="Postcode or Place name"/>	<input type="text" value="Postcode or Place name"/>
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3. Loyalty can be built by rewarding customers. But, different customer groups want very different rewards.

People give their loyalty for different reasons at different stages of their lives. A brand's behaviour that you respect in your youth, may no longer resonate later on in life.

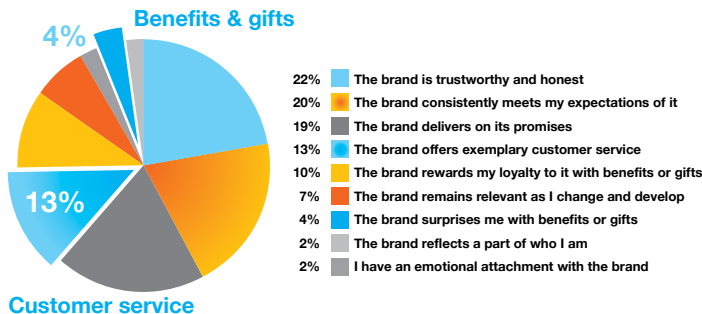


GyroHSR's Lesson: Reward the young, respect the old.

Respondents were asked to choose their top 3 preferred characteristics of a brand, which would help win their loyalty. By splitting our results by age, we found more under 45's selected "the brand surprises me with benefits or gifts", as well as more over 45's selecting "the brand offers exemplary customer service".

We found our qualitative research echoed this. Older consumers want to be personally acknowledged for their custom whereas younger consumers are happy with tangible rewards. This is reflected in our model (above left).

Research findings:



A case in point

They say a man is more likely to change his wife than change his bank. Whether this is true or not, it is clear that HSBC, NatWest, Barclays and the like, focus the majority of their acquisition efforts on younger consumers in order to 'catch them while they're young'. In this respect, the student population are the prize catch. Abundant with loans or an inheritance to fund their higher education needs, students are a prime target for the banking sector. In order to attract them, banks such as NatWest (see right) offer tangible rewards as enticing incentives for signing on the dotted line.

However, after graduation and entrance into the world of work, such promotional trinkets fade in importance and as we grow older, we place more value on customer service and the ease of dealing with heavy organisations. We just want to speak to someone, we just want to get in and out quickly and we just want to be treated with respect. As such, the communications we receive as mature consumers reflect a more customer service oriented approach, acknowledging our wants, needs and anxieties.



Student banking
another way

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another day

Over 600 branches now open for you every Saturday

Because you're often busy in the week, we've doubled the number of branches open on a Saturday. That's one extra day we can help you get on top of your finances

Visit natwest.com/satwest for details of your nearest SatWest branch

NatWest another way

4. Brands that succeed demonstrate relevance to people as they move through the different stages of life.

“You need to communicate effectively through all the different life stages a consumer, taking into account changes in taste, financial situations and age.”

Phillipa, United Kingdom

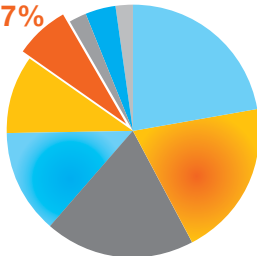
Consumers admire brands that create an emotional attachment, or reflect a part of their personality or outlook. Consumers use these particular brands as an extension of themselves. Such relationships can often be the most robust, fostering exceptional loyalty.

Unlike the relationship with a soccer team, our consumers questioned whether a brand can remain relevant and meaningful throughout a lifespan. “Will I be loyal to Huggies when my kids are grown up?” asked one respondent. Answer: probably not. Remaining relevant is an important challenge of ongoing loyalty.

Even though relevancy was not one of the most frequently selected statements in our survey, it was consistently brought up on LoyaltyForLife.co.uk.

Research findings:

Brand relevance 7%



22%	The brand is trustworthy and honest
20%	The brand consistently meets my expectations of it
19%	The brand delivers on its promises
13%	The brand offers exemplary customer service
10%	The brand rewards my loyalty to it with benefits or gifts
7%	The brand remains relevant as I change and develop
4%	The brand surprises me with benefits or gifts
2%	The brand reflects a part of who I am
2%	I have an emotional attachment with the brand

Profile of respondents





A case in point

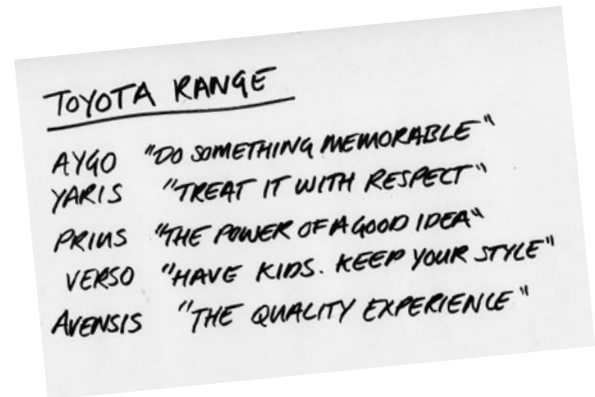
Toyota listen to their customers. Consequently, we can see a range of cars suited to each key demographic. From the graduate to the responsible parent, Toyota have a car for everyone.

- Perhaps your first Toyota will be an Aygo.
A young brand enjoying a successful sponsorship of Channel 4's T4.
This is your first "new" car.
- A few years later, you will be looking for a more "respectable" car.
The Yaris shows you still have that 'young and fun' attitude.
- The Prius tackles the current and important issue of climate change that society has come to respect. This 'eco-iconic' choice tells a lot about the attitude of the person behind the wheel.
- By now you'll have kids on the way. The Toyota Verso allows you to keep your style but still caters for the challenge of travelling with children.
- The kids have left and it's time to treat yourself again.
No compromise this time. It's time to buy an Avensis,
which will deliver a quality experience.

As long as Toyota's customers don't have a negative experience, they are sure to be on the shortlist for the next step up.



TODAY TOMORROW **TOYOTA**



So what?

Be true, surprise me, teach me
new things, give me feedback,
be consistent – over and over
again and over time!

Mats, Sweden

GyroHSR's Conclusions

As we have seen, there are a number of challenges and a number of barriers to ongoing loyalty.

In these tougher times it seems that consumers' heads can be more easily turned towards thriftier alternatives. Therefore it is not surprising that Marketing Directors are placing more focus on retaining and developing existing customers through loyalty and other channels.

In light of all this, is 'Loyalty for Life' a realistic aspiration for marketers? GyroHSR believe that it certainly can be, but we also know that it is not usually achieved through any single activity or initiative. True customer loyalty accumulates as a result of all the experiences – both positive and negative – that people have with brands.

Our research showed a number of core areas of relevance to most marketers:

1. Loyalty starts with the basics and a brand's ability to deliver on its promise
2. Customers want the brands they choose to be open and honest
3. Loyalty can be built by rewarding customers. But, different customer groups want very different rewards
4. Brands that succeed demonstrate relevance to people as they move through the different stages of life

Successful brands will need to take into account and deliver on all of the above if they hope to achieve their customers' Loyalty for Life.

DELIVER PRICE
CUSTOMERS LOYALTY
CUSTOMER YEARS
SAME CHANGE
POSSIBLE CONSISTENT
WANT NEVER
QUALITY EXPERIENCE
BRANDS CONSUMER
APPLE LOYAL OFFER
EVER TRUST WIN
FEEL PROMISE
GIVE NEEDS
PRODUCT

GyroHSR

GyroHSR is Europe's fastest growing independent marketing communications agency. It has offices in 9 worldwide locations including Amsterdam, Cincinnati, Dubai, Dublin, Hamburg, London, Madrid, Manchester, Munich, New York, Paris, San Francisco and Stockholm.

GyroHSR delivers customer marketing and loyalty programmes that create economic value for leading brands like Virgin Atlantic, Shell and American Express.

GyroHSR is interested in your loyalty challenges.

Contact Paul Neal:

paul.neal@gyrohsr.com

or call +44 (0)20 7349 4586

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