Ipsos Loyalty
The Customer and Employee Research Specialists
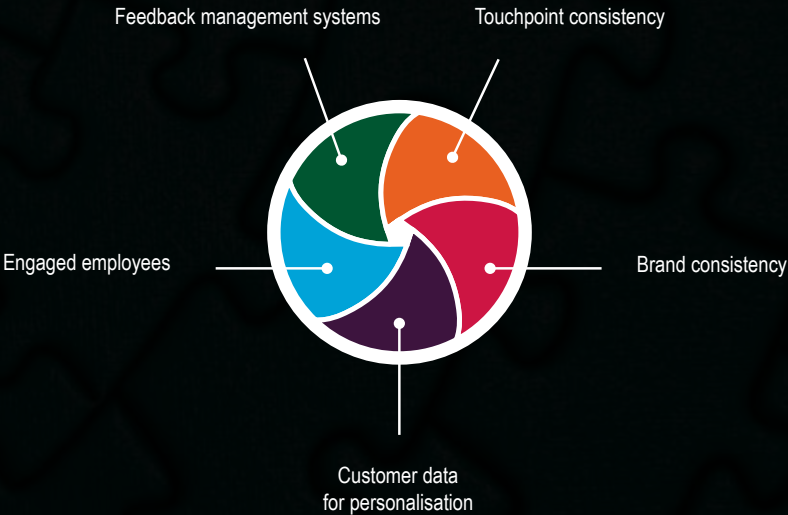
Ipsos

engaging customers

creating a virtuous circle

IpsosLoyalty Council

Kick-starting the debate

Imagine, if you will, a virtuous circle of customer engagement...

Our model business begins by delivering relevant messages and consistent experiences across its many customer touchpoints. In doing so, it forges an emotional bond with its customers and earns their trust. The more its customers trust, the more they share, and so the company's messages become ever more personalised, the experience ever more engaging. All this time, our model business has been adding further impetus by engaging its staff – equipping them with the knowledge, tools and motivation to listen to customers and take action. Finally, against this enviable backdrop, it creates a sophisticated customer feedback system whereby specific customer messages find their way to the right employees to be dealt with. Knowing they are being listened to deepens the customer's engagement with the business, and so the virtuous circle continues.

Now back to the real world. Unlike our model business, today's companies don't operate in a vacuum and countless obstacles line the path to customer engagement.

Our aim is to explore the challenges faced by those charged with encouraging active loyalty amongst their customers, and some of the key tools they have at their disposal to deepen customer engagement - illustrated here as our virtuous circle:

Feedback management systems   Touchpoint consistency

Engaged employees   Brand consistency

Customer data for personalisation

This report reflects what we have heard in one-to-one conversations with the Ipsos Loyalty Council – c30 senior leaders in customer management across a range of sectors. It offers an insight into what your peers are thinking and how they are using these levers to affect a virtuous circle of customer engagement.

1

In praise of consistency
Customer engagement in a multi-channel world

"I think there is a certain amount of engagement, but there isn't a drum beat to our communications. So I'm talking about acknowledging the different mediums we've got available: verbal through the contact centre; physical through actual brochures and collateral; and experiential by giving customers access to experiences that draw them closer to the brand - which ultimately leads to retention and loyalty."
Bentley

"It's easier to be on-brand when you're face-to-face, and you can have your products, the environment and most importantly your staff around the country delivering that experience – but how do you get that across to the customer when they're just interacting with your website?"
House of Fraser

Each time a customer (or, for that matter, an employee) interacts with a brand an impression is made. The prevailing view of our Loyalty Council members therefore makes perfect sense; if everybody in the business responds in the right way, with the right information, each and every time, then the customer knows exactly what to expect and can rely on the brand to deliver.

At the same time, media fragmentation is such that today's companies must reach their target audience across a plethora of channels (TV, direct mail, social media, email, mobile and packaging amongst them). This means that communications and messaging can easily become disjointed. The challenge of ensuring a consistent, on-brand message across all of these modes is, apparently, a considerable one.

Aligning the customer experience across all touchpoints was once seen as a 'nice to have' whilst the fundamentals of good customer service were put in place – but the organisations we spoke to are increasingly focused on it. However, many see much work still to be done and barriers to be overcome...

Two different – albeit interwoven – challenges emerged during discussions about delivering consistency in a multi-channelled world:

1. **The experience**: do customers get the same experience regardless of touchpoint?

2. **The brand**: is a consistent message and brand identity or personality being communicated across every touchpoint?

The experience

The barriers to delivering a consistent experience are old friends, having oft been cited as the same obstacles to embedding customer-centricity within the organisation. In essence, these are siloed structures that lead to devolved management responsibilities and multiple IT systems and databases that cannot be joined.

"I think if you look at it objectively, one of your end outcomes could be quite a significant restructure that says, "This silo structure has worked for a long time and that's great, but actually if we're looking to deliver a true customer-led experience, do we try a new approach?" And that's a big conversation."
RSA

Siloed or not, many of our Loyalty Council members were able to identify the customer experience they would *like* to replicate across their touchpoints, services and products, they just haven't achieved consistency around it (yet).

"If a customer goes through multiple channels we should give them a smooth and consistent experience, but obviously this is easier said than done; it requires you to accurately identify the customer and therein lies the challenge…there are some interactions you track and some you do not track."
Vodafone

For some members, multiple production sites, out-sourcing and the use of seasonal staff are aspects of their business' model that add further complications and create obstacles in the delivery of a consistent experience and brand.

The barriers to delivering a consistent experience are old friends, having oft been cited as the same obstacles to embedding customer-centricity within the organisation

Some are re-engineering processes and production to ensure that products and services are produced to the same requirements. Then there are those who are working to reduce their use of third parties at customer touchpoints. Their commitment to in-sourcing reflects a need to take back control of the customer experience in-house.

"The way we try and tackle it is to make sure that the customer touchpoints are within our organisation as much as possible so that the experience is delivered by our own people as opposed to a third party."
The AA

These steps give any business a good platform on which to build a consistent brand composition and purpose. In fact, relying heavily on out-sourcing was described by one member as *'a dangerous way of doing things'*.

"One thing that's helped us is a focus on product quality. We are also creating a consistent view of the consumer target and, through that, we're able then to start to create stronger brand purpose."
Loyalty Council member

Relying heavily on out-sourcing was described by one member as *'a dangerous way of doing things'*

The brand

As our members' businesses achieve consistency of experience, so they build solid foundations on which to communicate the brand's values and purpose consistently – across all touchpoints, products, services and markets. For some, this is easier to achieve in new markets, where the successes can be transferred relatively simply from existing geographies.

Our members were clear that brand consistency is only achieved through tight control and strict adherence to brand rules about creative look, feel and language - and in today's multi-channel world, they must be applied with an iron fist.

Social media is particularly problematic for some of our members as it increases the customer's power to be heard, and to do damage. However, in order to respond effectively through these channels, businesses need to be able to transcend normal rules and procedures and, in effect, provide individual, tailored responses whilst remaining within the confines of the brand message.

Employees must not be forgotten here; members agreed that employees have to believe in the brand identity and what it stands for, so that it can be successfully translated into how a business talks to the customer. Of course, the challenge for all businesses is that customer expectations continue to morph and grow. Therefore, so too must the messaging and experiences delivered. Accordingly, the delivery at touchpoints needs to have an element of fluidity to accommodate changing customer expectations. This is being built into many of our members' business processes via more scripted, but semi-natural, conversations that allow employees to listen and respond to a customer's

needs with a range of options they have the authority to offer. The language, however, must be authentic, honest and open, focused on recognising the customer and affording them a sense of importance.

Another key point made was that any approach used to build an emotional connection needs to sit within the framework of predictable, reliable service and communications. It has to work across all channels, and all teams need to be aligned and using the same language consistently across all touchpoints and staff interactions.

To facilitate consistency of experience and brand messaging, some member organisations are developing teams to champion the customer experience, to work across silos and measure and define best practice / what matters to the customer. This frees others, such as sales teams, to focus on selling – using advice from the customer or quality champions on how to deliver best practice customer experiences at different touchpoints.

"It runs right through the entire business – from the hotels themselves to all the channels we own (the booking engines, the advertising…). For any specific brand, everybody should be communicating exactly the same message and delivering exactly the same experience."
InterContinental Hotels Group

Tailored experiences

As touched upon earlier, some of our Council members are addressing the conflicting demands of a consistent experience versus a tailored service with a system of 'allowable flexibility'. This moves away from a 'one size fits all' approach by giving sufficient freedom to staff (and the systems they use) to provide a degree of tailoring in order to meet the needs / expectations of a particular segment or channel, whilst maintaining consistency elsewhere. Even within regulated industries some flexibility can be achieved by, for example, using call frameworks with suggested wording that can be tailored to the individual customer.

Indeed, for many, the most important aim of delivering a consistent experience across touchpoints is to deliver consistent information and products; some questioned whether it's even desirable - let alone possible - for brands to deliver a complex service or interaction as a universal, one-size-fits-all experience.

Some of our Loyalty Council members are using NBA ('Next Best Action') techniques, building propensity models based on transactional data, and then overlaying the customer's needs (collected by staff at the touchpoint in their scripted, but semi-natural conversation). So, a propensity model might suggest 'right service, right time, right price' based on their transactional data, but equally the staff member might listen to the customer and hear of problems with bills, for example. In this case, the Next Best Action for that customer might be itemised billing and six months' free calls to help them get back on their feet.

Such approaches not only play to a customer's needs but help to build an emotional connection between customer and brand. Frontline staff can remain rationally focused, driven by sales targets, length of call, etc, and NBA gives them alternative targets and tools that encourage them to engage and interact with customers in a more personable way.

Some questioned whether it's even desirable - let alone possible - for brands to deliver a complex service or interaction as a universal, one-size-fits-all experience

"What is right for Customer A is not necessarily what Customer B is looking for. So, what we try to do is create structure with flexibility. We have call frameworks with suggested wording which each individual is encouraged to tailor to the customer. We are encouraged to find variation, as long as it's within the structure of the conversation we want to have."
Loyalty Council member

2

Making it personal
Encouraging customer engagement through personalised messaging

Clearly, personalised communications tap into the emotional and social connections between a customer and the business. By recognising individual needs and creating personalised experiences, a business can encourage customers to engage actively with the brand. Essentially, this drives stronger customer engagement – particularly when it is done within a consistent brand message.

For many of our Council members, personalisation is opening the channels of communication with consumers and allowing them to demonstrate that the business is 'on their side'. Personalised communications that also allow a brand to demonstrate its values can create a strong bond and successfully push consumers to action – often best demonstrated through increased sales. The travel sector is particularly successful at this, with TfL cited as an example of great targeting (e.g., sending SMS messages to commuters warning of delays on bus routes they have used previously). Similarly, Thetrainline.com reinforces its value message and prompts customers to action by emailing relevant offers informed by their previous travel bookings. By speaking directly to individual customers, companies are able to encourage additional spending – by tailoring offers to events or products of particular relevance to that customer.

According to our Council members, personalisation takes a variety of forms according to different business models: simplified and tailored communications / explanations; offers based on transactional history or specific life events; and more complex algorithms that make relevant suggestions for new products or services. In the energy and financial sectors, where products and services are hard to understand and can confuse customers, businesses are using personal data to tailor information to aid understanding. By providing explanations, they are encouraging customers to feel more in control of their own affairs and grateful for the clarity. These emotional responses will encourage customers to enter into mutually beneficial relationships, fostering longitudinal customer engagement.

"When we do a birthday trigger email, the response rates of people coming in are amazing, so we know that these are more effective than just a general newsletter."
Liberty

> For many, personalisation is opening the channels of communication with consumers and allowing them to demonstrate that the business is 'on their side'

Although our members are at different stages of the journey in terms of providing a personalised service – or at least a service at the level they're aspiring to – all are keen to optimise personalised communications with their customers. Although not all are yet satisfied that they are successfully complementing their brand's values in these communications, they are at least moving towards a more customer-centric sales approach by anticipating customer needs.

"We proactively contact our customers by email about offers tailored to what they've done before. So if you get an email that says, "If you're thinking of travelling from Newcastle to Glasgow again this Christmas now is the best time to buy", it's a good use of customer data because it helps to drive relevance. But most of all, we're helping our customers to save."
Thetrainline.com

The power of personalisation

Apparently, the key components involved in getting personalisation right are the relevance of the communications and putting the customer benefit at the heart. Then, customers are more willing to engage actively with the brand and provide more information (such as their personal preferences).

Of course, multiple challenges exist here: getting the channel right; achieving a balance between ignoring and intruding on customers; and walking the line between being too informal and too distant.

For some of our members' customers, SMS and phone are too intrusive. Email is less than ideal as any communication can be lost among the maelstrom of other emails. Younger consumers are using email less and less, which means that some communications are falling on deaf ears.

The obvious alternative is mobile – but is this too personal? Our mobiles increasingly contain our whole lives: our favourite photos, our favourite people, our diaries… As a result, mobile is a channel that business needs to be careful about. According to our members, however, there are at least some ground rules: use SMS only when it's relevant to the communication; make sure it's targeted; and consider what day of the week and what time of the day are least likely to intrude into the personal space and time of your target audience. In terms of calls directly into our home, our attitudes now are almost as negative as they were towards the perceived intrusion of door-to-door salesmen in the 70's. For businesses that are legitimately trying to do something good for the customer – or at least trying to help them make an informed decision – there remains the challenge of building a relationship with the customer that fosters a receptive response to their calls.

"Our customers are very savvy and they seem to think that as a big organisation we should know better than to send them things that are not relevant. So there's an expectation that we will use their data to make their lives easier."
Orange

"If you look at our social media feeds they are very chatty, very informal; they talk about needs, about celebrities, and just things that are happening in order to try and build a relationship."
ASOS

"I'd say a large group of customers are willing for you to use their data as long as they see a real payback for it, whether that's in terms of relevance and timeliness of messages, or whether it's to do with great value offers."
EE

If customers trust the brand to communicate only with relevant and personalised information, they are far more likely to want to talk.

According to the conversations we had, businesses are currently striking the balance between formal and informal by using social media as a more relaxed environment in which to build relationships. Some are engaging frontline staff in initiatives – utilising their knowledge and their understanding of the customer to build more natural connections with them.

Essentially, personalisation succeeds when it is serving to improve the customer experience. When it is integrated into a wider plan of consistent and predictable customer experiences, it can provide a powerful tool with which to engage customers, and nurture long-term relationships with them

If customers trust the brand to communicate only with relevant and personalised information, they are far more likely to want to talk

The pitfalls of personalisation

The real barrier for our members is not so much convincing the business of its value, but ensuring that personalisation is adding value for the *customer*. The issue is not even the collection of data – many have the ability to collect very detailed information – but being able to generate relevant content, and being efficient enough to get it out to customers in a timely way.

It's no secret that there comes a point when personalisation goes too far; instead of encouraging active engagement, it actively turns customers off. While relevance is unanimously identified as vital to successful personalisation strategies, it is also the source of the most anxiety. This is because it reveals how much detailed information a business actually holds on individual customers. The use of data that is either too personal or too 'Big Brotherish' (demonstrating that the business is tracking the individual too closely) are commonly felt to be 'scare triggers'.

There also exist important but less obvious cultural differences; for example, in some markets a birthday message is felt to be too personal whereas a 'happy first year with us' is more acceptable. Sensitive and responsible handling of the data in terms of how it is presented / played back to the consumer is seen as part of the solution to potential unease here. It's about choosing the language you use carefully, so instead of *"We haven't seen you for 12 and a half weeks"*, be more subtle in your use of personal data with *"We haven't seen you for a while, what's up?"'*.

Of course, there is scope for getting personalisation very wrong indeed – the birthday greeting sent to a deceased customer, the offer of a credit card to a child… These are our members' worst-case examples, but even misinterpretation of customer data analysed for personalisation can apparently lead to wholly incorrect offers, or offers based on stereotyping that may deter or even anger consumers. This can happen when a business uses customers' transactional data and / or their CRM data to segment the customer database. Interpreting a segment's needs is based on data analysis, but assumptions about the customer are still being made which he or she may find somewhat presumptuous. For example, receiving a mailing that offers Lycra cycling gear based on the demographics of a middle-aged man who also owns a bike could potentially irritate those with no interest in cycling in Lycra… (On the flip-side, it may be highly relevant to much of the segment.)

Thanks to these cautionary tales, our Council members' businesses are approaching personalisation with the utmost vigilance, tending to play it safe and focus on the risks more than the returns. After all, the main casualty of getting it wrong is trust: the one emotional connection that a brand builds slowly over time by delivering a consistently good and predictable customer and brand experience.

Customers need to be able to trust in the security of their personal data in the first instance, and then trust that it is being used responsibly. After all, the customer's willingness to share personal information in the first place indicates a level of trust that the business must retain by upholding its data privacy obligations – lest it risk damaging that relationship.

Perhaps not all of our Council members yet feel that they are in a position to give customers relevant, tailored communications. However, at the very least, data security – the bedrock of personalisation – is felt to have been appropriately addressed and secured by all.

The customer's willingness to share personal information in the first place indicates a level of trust that the business must retain

"So an unscrupulous or unethical or unwanted use of customer data would be about frightening people and saying "Have you really thought about if you died tomorrow what would actually happen to your children?" That for me would be uncomfortable and unfair, as you're playing on somebody's negative emotion to try and get a positive outcome for your business. That's the wrong way to go, it's not putting the customer at the heart of what you do."
Loyalty Council member

"There's a higher level of trust between the business and those customers that will actually engage. They trust us as an organisation not to use their information in a nefarious way and to look after it."
KCOM

"I tell my team that this data is like the family silver. Only we use and care for it and we look after it."
Debenhams

3

The employee perspective

Encouraging customer engagement through employee engagement

The central pillar to all communication is giving the customer a voice within the business – and ensuring that this voice is heard and heeded

"We've got great people who do their best, but sometimes they're constrained by the systems in place. You know that the systems are there for the right reasons – we work in a highly regulated industry – but, yes, great people can be let down by systems and structures."
RSA

'If you make the call centre responsible for sorting out all of the problems, you're not actually addressing the loyalty business issues. That's a mindset problem which takes time to shift – especially in larger organisations."
Orange

Based on our conversations, it seems that the link between engaged employees and positive customer experiences is understood intuitively – or at least the connection between *disengaged* employees and *poor* customer experience is. It is largely seen as a given that service delivery is fundamentally impacted by how motivated people are, whether they understand what they do, whether they're doing it consistently, and how empowered they are by the tools they are using.

For our members, a critical part of any strategy for engaging customers is to ensure that all employees are aligned around it. Do they understand the experiences and messages the business is trying to deliver to its customers through every touchpoint? Do they care enough to deliver these well? Do they have the tools to do so? And do they behave as if they are proud of the company?

For the Loyalty Council, strategies for engaging employees with the customer experience take several different forms:

• **In-depth customer experience events, days or workshops**: these take the form of either regular scheduled sessions or more ad hoc sessions arranged to coincide with the launch of a new initiative. In some cases, these are frontline staff-led, with all employees encouraged to share their customer stories, for example. In other cases, the board or senior management team lead the sessions. Either way, they provide an open forum in which to build understanding of the customer and encourage employees to buy in to the business strategy for improving customer experience. Social networking tools, such as Yammer, are also used as mechanisms to share information across geographically

dispersed teams. The consistent goal here is to spread the 'customer word' in a way that is meaningful and engaging for employees on an ongoing basis.

• **Dissemination of customer satisfaction data or feedback data to frontline staff, as well as the boardroom**: there are, of course, different audiences that need to understand different elements of the data and feedback. However, the central pillar to all communication is giving the customer a voice within the business – and ensuring that this voice is heard and heeded. Customer feedback needs to go deep into an organisation if employees are to truly engage with customers, and if customers' experiences and feedback is to affect real change. For some member businesses, it seems that the frontline is almost a

protective skin, comprised of only those employees who interact directly with customers and resolve their issues. Imagine 10,000 calls received after a new product launch or after a billing cycle from dissatisfied customers. These customers have the power to affect change if their call volumes and reason for calling are reported back to NPD and Finance; these teams will recognise that there can be no weakness or poor customer experience because they will be accountable.

- **Incentivisation**: for those members with large numbers of frontline staff or contact centres, incentivisation – e.g. bonuses on CSAT/NPS scores or call pick-up times – is widely acknowledged as a technique that provides an effective means of changing employee behaviour. However, there appeared to be more reticence in terms of the impact of incentivisation on employee engagement. Indeed, there may well be bigger wins to be had by getting employees genuinely aligned around what the business is trying to achieve, and delivering this through how they interact with their customers.

"Employees can see exactly what customers have said, word for word. Not only can they access that information, they also get to see how we're preforming competitively; we are very open at a corporate level."
Nationwide

4

A two-way street
Encouraging customers to talk to companies

Transactional surveys generally enjoy strong response rates, and more and more companies are using them. However, if customers feel their feedback is simply disappearing into a void - becoming no more than a statistic on a chart - then one day there will come a point when they are so inundated with requests for feedback that they simply won't pay attention any more. Current survey response rates will plummet from tens of percent, down to tenths of percents. However, organisations that have forged trusting and symbiotic customer relationships, built on consistent and relevant communications, will be best placed to escape the nightmare scenario of no longer being able to tap into the voice of their customer. The goal is to have in place a system that ensures customer feedback is both listened to and acted upon.

Many of our Loyalty Council members have systems that listen to the voice of the customer, but closing the loop and demonstrating active listening and resolution is not yet embedded across all businesses and sectors. The barriers to implementation are related to quality of 'face-time' with the customer, organisational and IT silos and employees' ability and authority to take action based on customer feedback.

In some sectors we spoke to, such as utilities, an optimal customer experience is one which just happens in the background, and where engagement with the business is a non-standard occurrence. The face-time is minimal and the opportunities to ask for feedback scarce; in such situations a system has to be in place to receive feedback and take action based upon it.

As companies invest in providing feedback mechanisms for customers, they need to pull together customer data more efficiently and effectively in order to understand that feedback in business terms. For the companies we spoke to who have been on this journey for a while, the increasing number of systems and measures in place provide ever greater technical challenges to overcome. And that is not their only barrier; if a call centre is remunerated on how well it resolves calls, there is no incentive to measure broader issues, and a severe disincentive to change any existing system.

A customer feedback system that values individual responses and encourages customers to engage effectively means empowering a lot more staff to take

frontline, customer-facing duties, and it means giving them access to customer information. But it also means, to begin with, understanding what the problem is, what needs to be done to fix that problem for that customer, and understanding what needs to be done to fix the problem for all customers. It means giving staff in the organisation the right (and responsibility) to take action.

EFM (Enterprise Feedback Management)

EFM represents a shift in the way that feedback is generally used at a strategic top-down level, and puts more emphasis on the employee perspective. For example, one retailer we spoke to has a till-receipt mechanism in place for collecting feedback from shoppers. Staff at the frontline need to be pointing out these invitations to customers, encouraging participation. For staff to feel motivated to do so, they need to know that the feedback is seen and is acted upon. They also need to know that when customers single out a staff member for praise it will get mentioned in their review, just as surely as negative comments about service in general will be used by managers to prompt improvements.

The key challenge for us is getting our regional offices and our dealers to understand this is not a system. It's about benefitting their businesses if they utilise the platform correctly. The challenge is behavioural change; it's all about change management. That's the challenge we face over the next two years. If people think it's a system, we're dead in the water, we really are. This is crucially about business, and how these new processes will shape their business in the future."
Bentley

If customers feel their feedback is simply disappearing into a void, there will come a point when they are so inundated with requests for feedback they simply won't pay attention anymore

An EFM system delivers data and insight directly to staff right across the organisation, rather than via a gatekeeper or stakeholder group. Ideally this data would feed an understanding of the customer, drawing on all the company's knowledge of that customer (not just siloed information about that transaction).

For many of our Council members, however, EFM is still essentially transactional research delivered to operational functions, focussing on specific touchpoints such as advisor, store, call centre level, and is not often fed into wider customer insights. Because the metrics about the interaction matter more to the operational unit than to the company as a whole it becomes simply a survey of the touchpoint performance, rather than an opportunity to check the customer's experience of the touchpoint as representative of the broader brand.

EFM is about action, not just measuring; it is about understanding the individual response, not the representative norms, and building strategies out of tactics, from the ground up. A hallmark of EFM is the ability to close the loop with customers, but for many companies this is seen as overly resource intensive (and indeed for many will always be so). However, if we are to avoid the scenario of customers choosing not to engage and give feedback, then a good closed-loop system is a hygiene factor, with organisations leveraging technology to ensure they are open to customer input and ready and able to act on it.

The hospitality industry stands out as an exemplar – a yardstick against which we can measure what is both best practice, and also what is practical for other industries and companies – and our conversations with members backed this up:

"We have the obligatory portal and so the data is fed back there. Every individual general manager of every individual hotel has access 24/7 to their property's data and their customers' data. So, at any one time, they can see how their hotel is performing and any trends in any aspect of the hotel experience. They have regular meetings, as often as daily, to see if they've had any bad Trip Advisor scores and what they can do to address them."
InterContinental Hotels Group

The hospitality industry stands out as an exemplar – a yardstick against which we can measure what is both best practice, and also what is practical for other industries and companies

5

Successful measures

What does customer engagement look like?

One of the biggest challenges for any business seeking to establish emotional connections with its customers is where to begin?

"It's a challenge that I've been set. How do we measure it? How do we look at this? There are ways, there are academic papers published on it, there is no one version of the truth." **ASOS**

To date, emotional measures tend to be captured through perception and brand studies comprising metrics such as trust, delivery and, for some businesses, more intangible measures such as 'exciting' or 'being inviting'. Ultimately, NPS still proves a popular over-arching indictor and it could be argued that it builds in an emotional element to the measure, over and above functional satisfaction measures. Some businesses are still working on the thorny issue of what loyalty means within the context of their business.

Business is a very rational and tangible place, which explains why many stakeholders and shareholders are focusing on operational and financial metrics. Thus, articulating why loyalty matters means measuring the impact of loyalty programmes and putting quantifiable data around it – then going back and showing specifics, such as the reduction in churn, for example. However, there is a perception among our members that the boardroom is asking managers with responsibility for loyalty programmes to jump higher than those in other areas, by asking for evidence of causation, not just correlation, between a loyalty programme and increased retention, share of wallet, etc. These demands reflect the mindset of a board that remains sceptical about the true value of the softer elements and value-adds of the loyalty programme. However, as customer experience is increasingly talked about, and NPS scores become part of senior management's bonus calculation, change will start to happen. Customer care, the core experience, and cross-selling will become more important than the company's products, service and offers as the latter will not be the key points of differentiation anymore.

"It is all very well asking, "Was the room clean?", "Was the food good quality?", but we need to ask what the experience was like, because every hotel offers clean rooms and a good hot breakfast."
InterContinental Hotels Group

"If you talk to customers about House of Fraser for a minute they tell you facts. If you spend longer with them, they talk about the excitement and buzz - all the emotions they feel while they're shopping."
House of Fraser

"Trust is a big issue in terms of what we do: making sure that we can be trusted with customers' items, making sure it all gets to where it needs to be. As long as it does, it's a predominantly functional relationship. So, we're less about emotional metrics and more about how easy we are to do business with, what the effort is that the customer is having to make, and whether they'd talk about us with their friends."
Royal Mail

Our conversations with the Loyalty Council made one thing clear: one of the biggest challenges for any business seeking to establish emotional connections with its customers is where to begin? More specifically, this translates into asking questions about the actions that can be taken to trigger emotional engagement in the customer, what that emotional engagement should look like (posting Facebook comments versus attending a preview retail event, for example) and how to ensure that this is achieved within the confines of any brand or touchpoint consistency parameters.

The emotional engagement of customers is a tough thing to assess and, for our Loyalty Council members, this certainly holds true – with a general acceptance that fully measuring emotional connections is a challenge. No Holy Grail answer was offered during our conversations, and no ground-breaking approaches were found.

The challenge which remains for our members is how to move beyond functional measures. There is recognition around using broader language in tracker studies to measure 'experience of' an event and not just 'satisfaction with' the event.

Proving the link between engaged employees and customer engagement is a challenge. Many intuitively understand the link between engaged employees and improved customer experience but *demonstrating* it is more difficult…

"I call it the Holy Grail of marketing. I don't believe anyone has achieved it yet, but what we want is to see the link between financial metrics and any other kind of metrics, be they operational or customer."
InterContinental Hotels Group

This tends to be an area that is very much a work in progress for our members. Those with large proportions of customer-facing staff do regularly link employee engagement and customer experience. But more talked about it as an aspiration rather than current practice, and many were currently thinking through some of the challenges around how to link the employee and customer agendas together. Given how many companies expressed an interest in understanding how these two agendas link, it will be useful to watch how practice develops over the coming years.

"Yes, we've done some work which shows links with performance. Rather than me just saying "It seems like a good idea", we can evidence why it is important."
Nationwide

Customer care, the core experience and cross-selling will become more important than the company's products, service and offers

"I think where there's a clear correlation is where we've got low quality of service we generally get low satisfaction scores. So, it's a compelling argument to our operations department to be able to say we need to fix these because they are directly affecting customer satisfaction."
Loyalty Council member
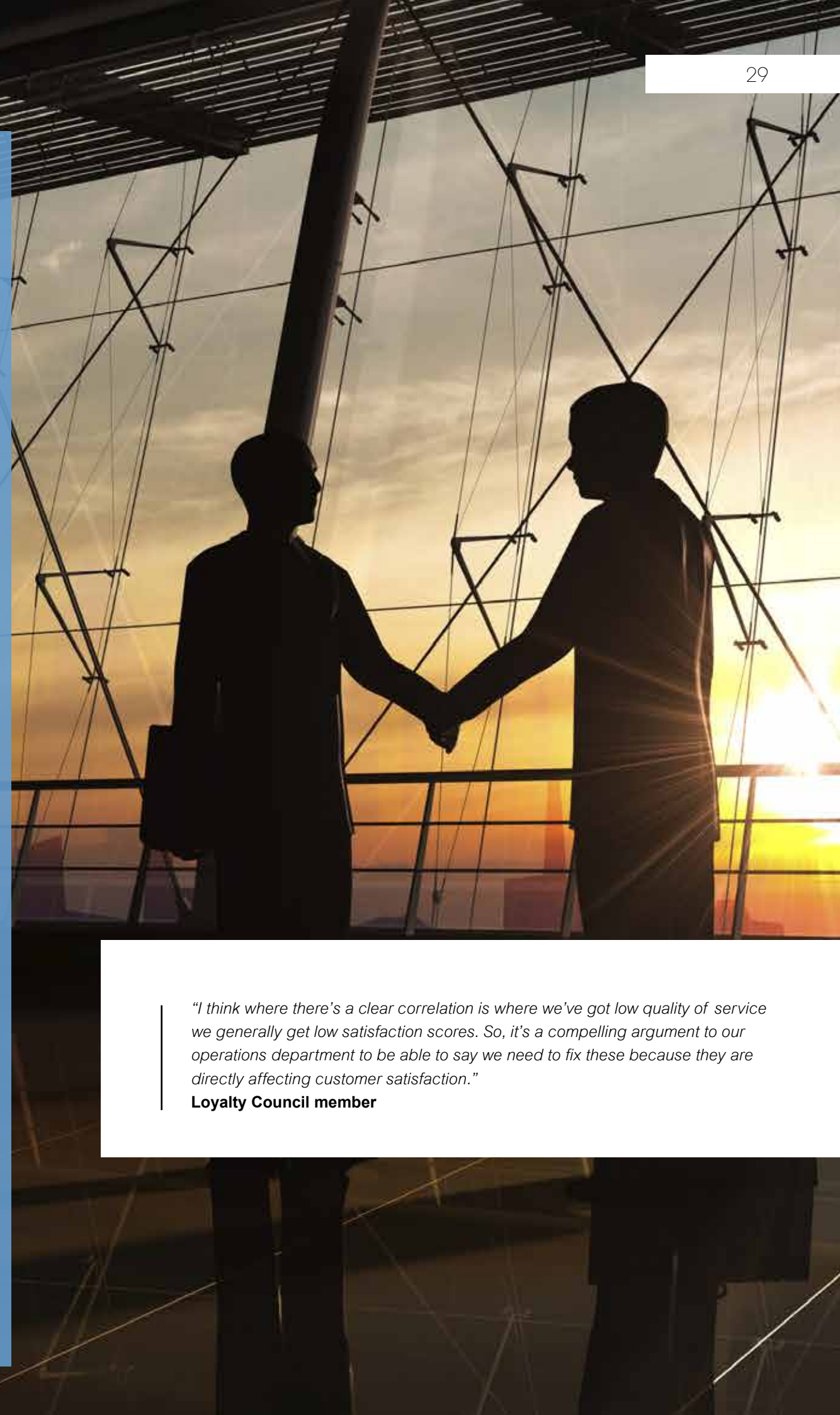
IN CONCLUSION

So how *do* we create our virtuous circle of trust, communication and engagement?

For the Ipsos Loyalty Council, there is no silver bullet - but there are plenty of powerful weapons for engaging customers...

• Delivering consistent brand values and information through touchpoints

• Using customer data to personalise communications and offers so that the content, channel and timing are all relevant to the individual

• Building flexibility into customer-facing systems that empower staff to listen and respond actively

• Re-focusing metrics on customer needs; moving away from sales to 'Next Best Action'

• Recognising that engaged staff deliver better, and so creating a culture that motivates and engages, facilitated by tools and processes that bring staff closer to their customer base

• Using feedback systems that are easy for customers and staff to use, and are action-oriented, resulting in customer issues resolved and staff rewarded

Of course, engaging customers remains a challenge and the emphasis placed on these approaches varies across businesses. But while some are closer to achieving their objectives than others, the Ipsos Loyalty Council members are all aligned around the same goal: to encourage customers to engage, proactively, in a meaningful and mutually beneficial relationship.

Further Information

Niall Rae
niall.rae@ipsos.com

Emily Abbott
emily.abbott@ipsos.com

Ipsos MORI
77-81 Borough Road
London SE1 1FY
+44 (0)20 7347 3000

www.ipsos-mori.com/loyalty

The Ipsos Loyalty Council engages with experts in customer management from many of the UK's leading businesses. It provides a unique perspective on the Loyalty landscape and leads the debate on the customer experience.

Ipsos Loyalty is the global leader in customer experience, satisfaction and loyalty research - with over 1,000 dedicated professionals in over 40 countries around the world. Our creative solutions and collaborative approach lead to better results for our clients. This has made us the trusted advisor to the world's leading businesses on all matters relating to measuring, modelling, and managing customer and employee relationships.