



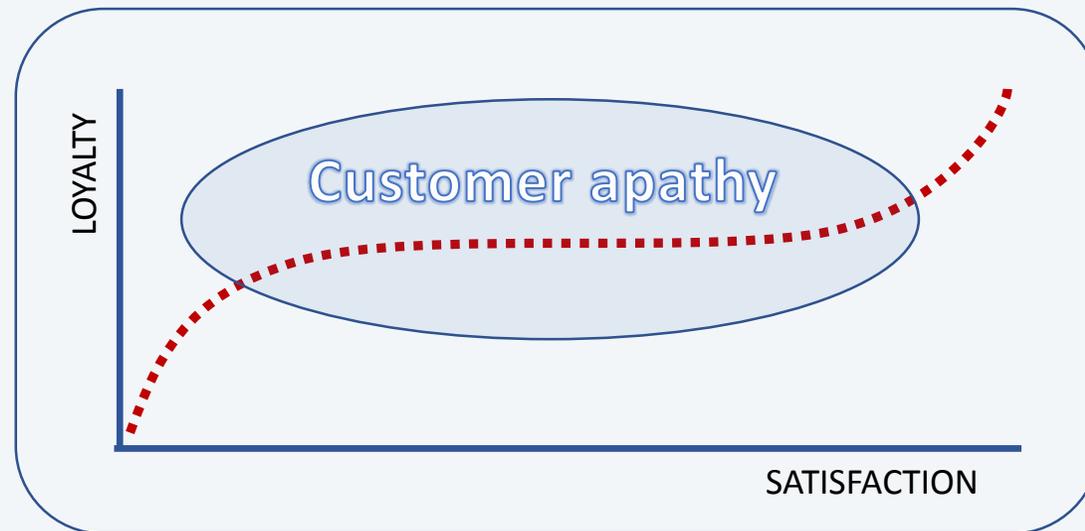
# Widespread assumptions about customer behaviour

- We often make a number of assumptions about customers:
  - Product differentiation is essential



# Widespread assumptions about customer behaviour

- We often make a number of assumptions about customers:
  - Product differentiation is essential
  - Satisfied customers will come back



# Widespread assumptions about customer behaviour

- We often make a number of assumptions about customers:
  - Product differentiation is essential
  - Satisfied customers will come back
  - **We should always aim for customer devotion**
- Customers tend to be **polygamously loyal** to a group of brands within a given category
- Only 10% of buyers are 100% loyal to a brand over a one-year period



# Widespread assumptions about customer behaviour

---

- We often make a number of assumptions about customers:
  - Product differentiation is essential
  - Satisfied customers will come back
  - We should always aim for customer devotion
  - Customers...
    - ...pay attention
    - ...are interested in brands
    - ...want to learn about them
    - ...and like having relationships with brands

# Customers are not really relationship-oriented

---

**77%**  
OF  
**PEOPLE**  
SAY THEY  
**DON'T HAVE A RELATIONSHIP**  
**WITH BRANDS**

Source: Spenner and Freeman (2012)

# Actual customer engagement on social media is low

---

**0.5%**

PROPORTION OF  
**FACEBOOK FANS**  
**ENGAGING WITH THE BRAND**  
THEY'RE FANS OF

# Most customers don't know much about brands

---

**80%**

OF A BRAND'S BUYERS  
**KNOW A LITTLE  
OR NOTHING**  
ABOUT THAT BRAND

Most brand knowledge is in the hands of just a few

---

**50%**  
**OF ALL KNOWLEDGE**  
ABOUT A BRAND

IS HELD BY JUST  
**20%**  
**OF ITS BUYERS**

# Customers are more self-driven than brand-driven

---

**THE NUMBER 1 REASON  
WHY CUSTOMERS SAY  
THEY INTERACT WITH BRANDS  
ON SOCIAL SITES IS  
TO GET A DISCOUNT**

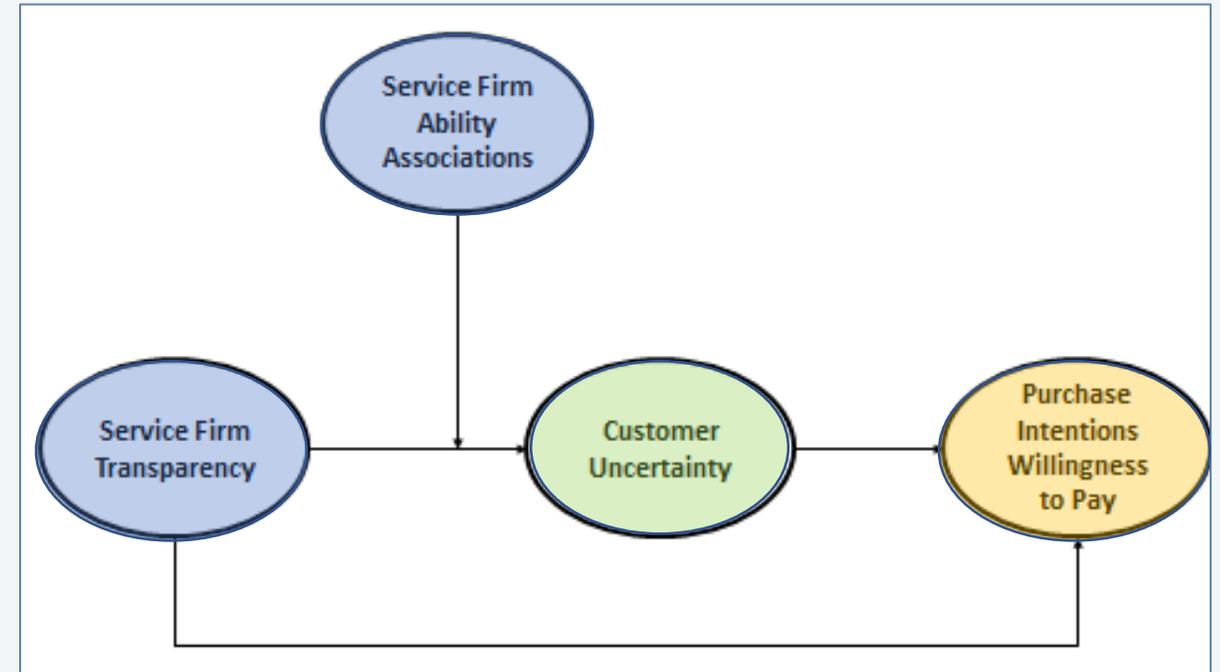
# The implications for marketing

---

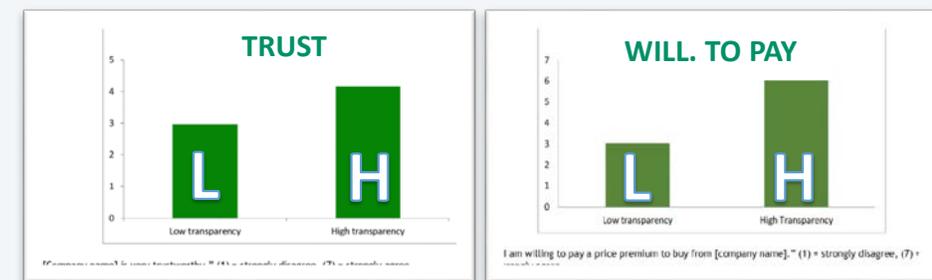
- Your brand's success depends on a lot of people who are generally uninterested in what you have to say, don't know you very well, don't think very much of you, and don't buy you that frequently.
- So how can you make your brand stand out in an increasingly cluttered world where customers are mostly apathetic?
- Try to give customers something to care about:
  - **Be interesting**
  - **Be transparent and simple**
  - **Encourage customer voluntary participation**

# 1. The business case for brand transparency

- Brand transparency entails:
  1. **Information objectivity**  
Doesn't exaggerate positive brand attributes and discount negatives ones
  2. **Information accessibility**  
Is easily understood by the target audience
- Transparency may help offset customer apathy. Customers may care enough to buy more of a company's products and even pay higher prices for them.



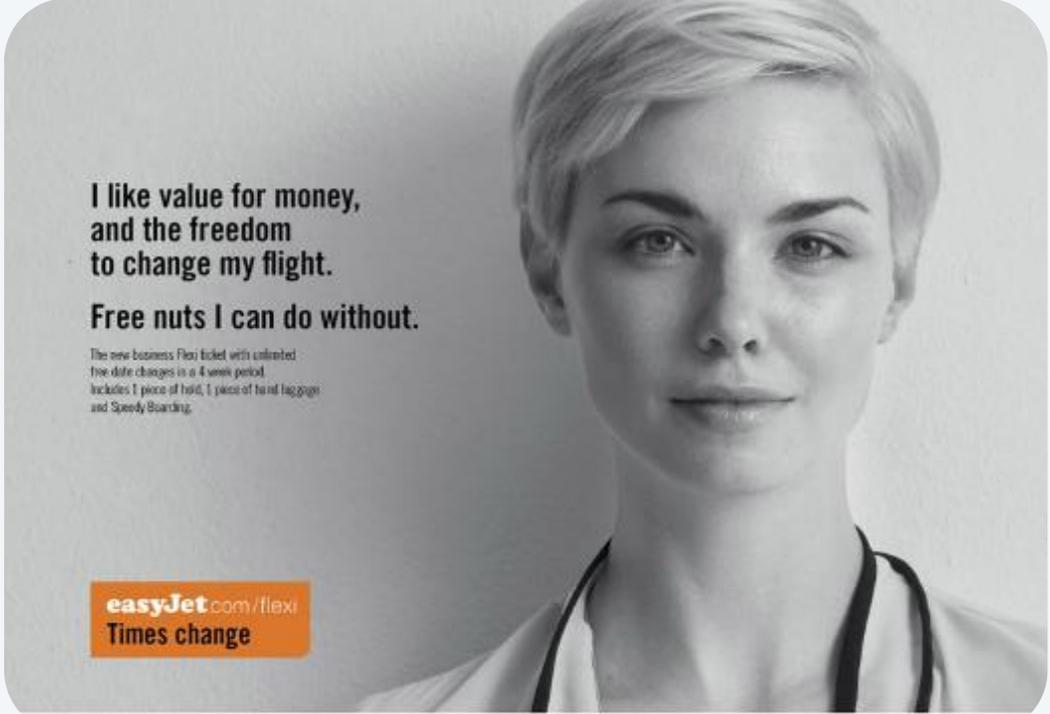
Source: Yei, Eisingerich, Auh, Merlo and Chun (2015)



Source: Merlo, Eisingerich, Auh and Levstek (2018)

# Implementing transparency

1. Balance quality and quantity of information and keep it simple



**I like value for money,  
and the freedom  
to change my flight.**

**Free nuts I can do without.**

The new business Flexi ticket with unlimited  
free date changes in a 4 week period.  
Includes 1 piece of hand, 1 piece of hold luggage  
and Speedy Boarding.

**easyJet.com/flexi**  
**Times change**

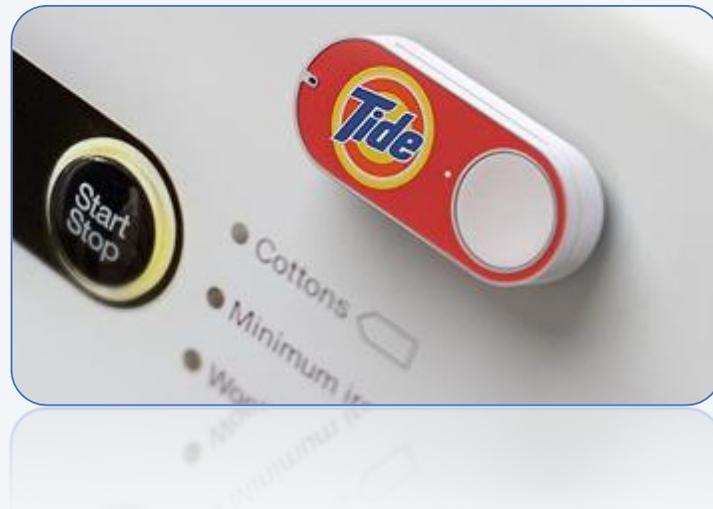
The airport tax fees is paid in full after check-in. Any additional services and charges for a hotel, at the time of booking. In certain regions 1 passenger are entitled to 10kg baggage and Speedy Boarding subject to availability. Date changes must be made at least 14 days before departure. For full Terms & Conditions please visit [www.easyJet.com](http://www.easyJet.com)



# Keeping it simple

- Marketing is getting too "smart" and complex for its own good
- Smart brands are now moving from complexity to clarity and simplicity
- Strong associations, presence and visibility are best achieved through simplicity

This is smart:



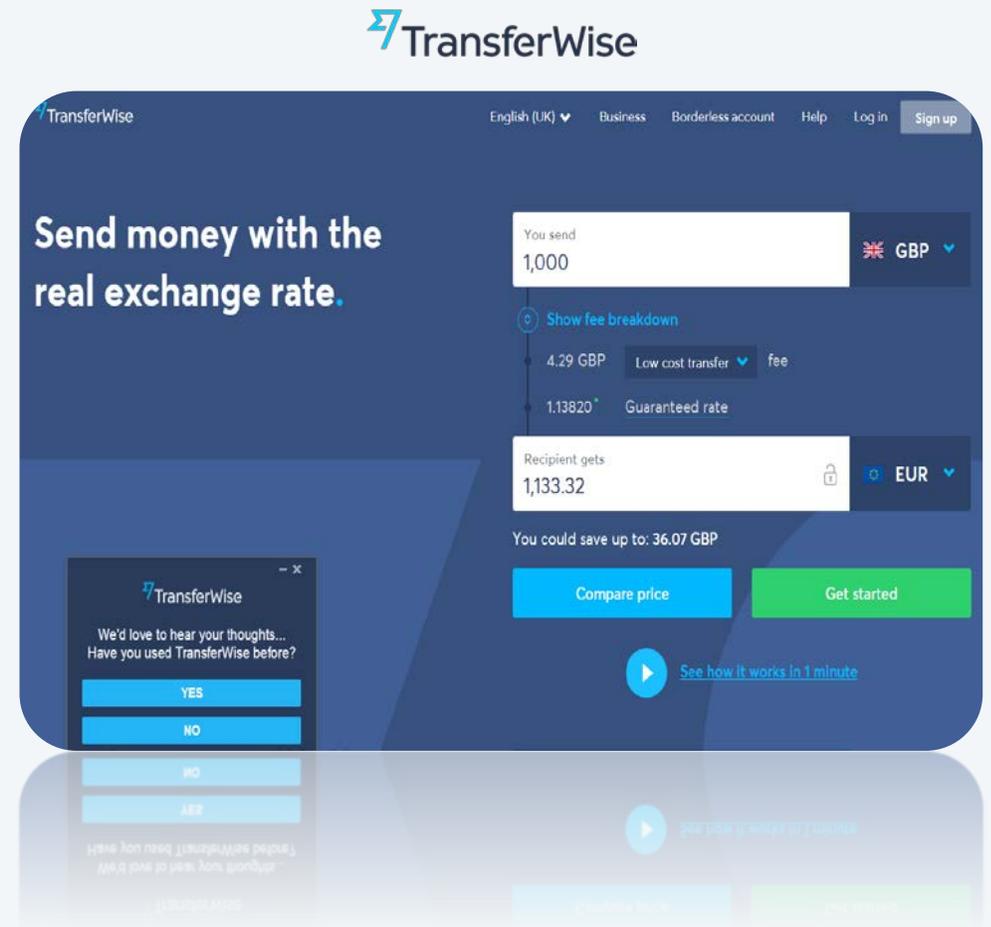
This really isn't:



- For most brands, you're simply incidental to your customers' everyday life. What consumers really need in the era of overwhelming information and apathy is **"decision simplicity"**.

# Implementing transparency

1. Balance quality and quantity of information and keep it simple
2. Provide information at the right time and in the right place



# Implementing transparency

1. Balance quality and quantity of information and keep it simple
2. Provide information at the right time and in the right place
3. Help your customers help you



## Did it work?

- Yearly target for questions exceeded by 400% in 6 months
- 10m interactions online
- Engagement of over 4 minutes per visit (18% higher than category average)
- Food perception and brand measures improved
- Monthly store visits up 50%

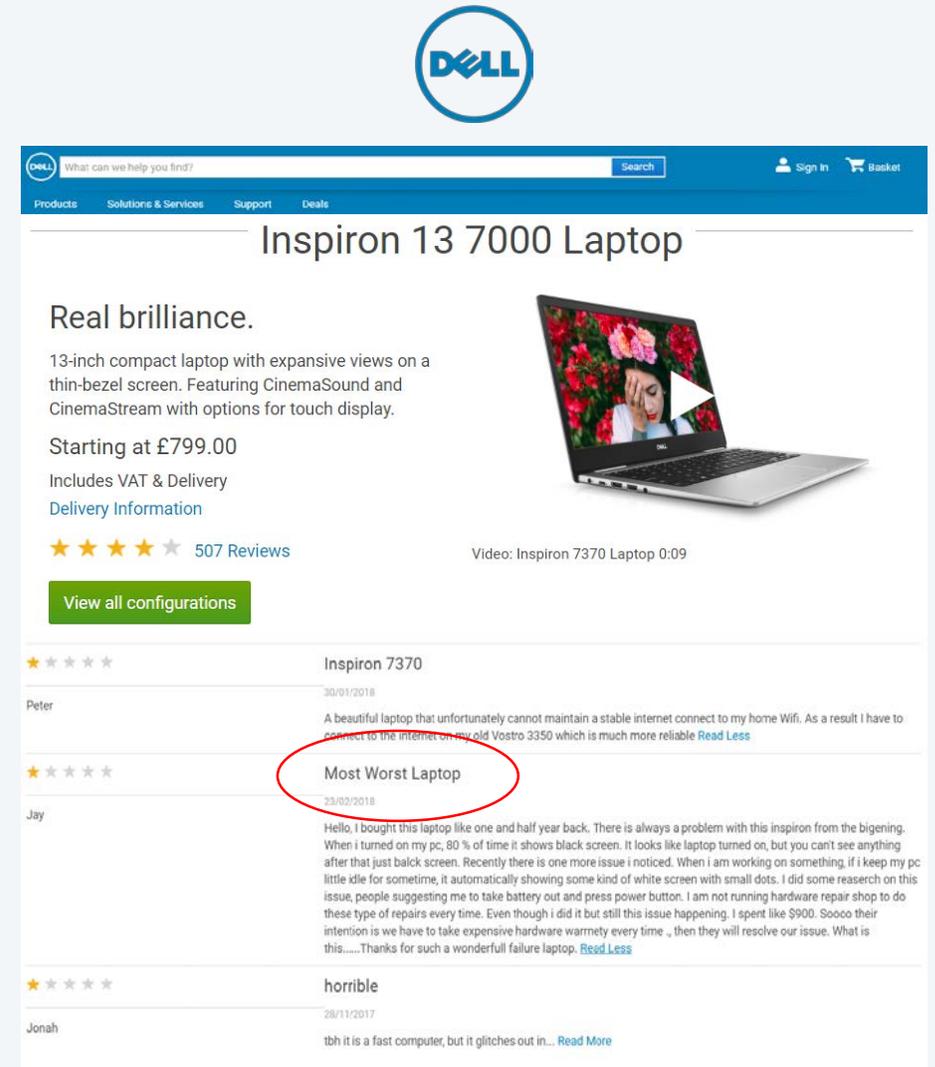
# Implementing transparency

1. Balance quality and quantity of information and keep it simple
2. Provide information at the right time and in the right place
3. Help your customers help you
4. **Transparency should be both proactive and reactive**



# Implementing transparency

1. Balance quality and quantity of information and keep it simple
2. Provide information at the right time and in the right place
3. Help your customers help you
4. Transparency should be both proactive and reactive
5. Embrace transparency even if it means negative reviews



The screenshot shows the Dell website's product page for the Inspiron 13 7000 Laptop. The page features the Dell logo at the top right, a search bar, and navigation links for Products, Solutions & Services, Support, and Deals. The product title is "Inspiron 13 7000 Laptop". The main text describes the laptop as a "Real brilliance" 13-inch compact laptop with a thin-bezel screen, CinemaSound, and CinemaStream. The price is listed as "Starting at £799.00" and includes VAT & Delivery. There are 507 reviews, indicated by a star rating. A video player shows a woman using the laptop. Below the product description, there are customer reviews. One review titled "Most Worst Laptop" is circled in red. The review is by Jay, dated 23/02/2018, and describes a significant issue with the laptop's performance and reliability. Another review by Peter, dated 30/01/2018, also mentions connectivity issues. A third review by Jonah, dated 28/11/2017, mentions that the laptop is fast but has some glitches.

# Implementing transparency

1. Balance quality and quantity of information and keep it simple
2. Provide information at the right time and in the right place
3. Help your customers help you
4. Transparency should be both proactive and reactive
5. Embrace transparency even if it means negative reviews
6. Transparency involves more than just customer-generated reviews



## A Blue +Price Promise update

We promised to tell you if anyone launches a new tariff that could save you more than £1 a week - that's £52 per year - at typical use\*. So that's what we're doing.

We've spotted the following^:

- Extra Energy has introduced Fixed Price September 2015 v7

This is based on the amount of energy that a typical customer uses\* and on equivalent payment methods. For a more personally tailored view, go to [edfenergy.com/pricepromisealert](http://edfenergy.com/pricepromisealert)

### Remember better prices don't always mean better value

Before you think about switching, ask yourself does the competitor tariff also offer you?

- A fixed price. With no rises guaranteed for the duration of the tariff.
- No early termination fees.
- Electricity backed by low-carbon generation\*\*, from a company you know

All in all, we think it still feels better to be powered by Blue +Price Promise. We hope you agree.

Thanks for being with EDF Energy.

Thanks for being with EDF Energy.

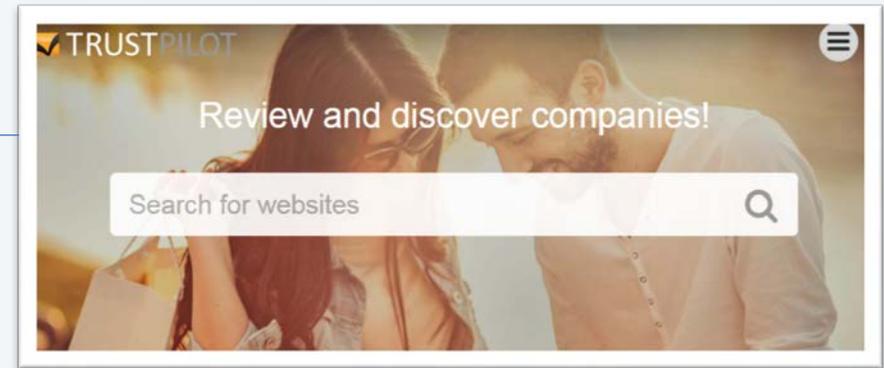
agree.

All in all, we think it still feels better to be powered by Blue +Price Promise. We hope you

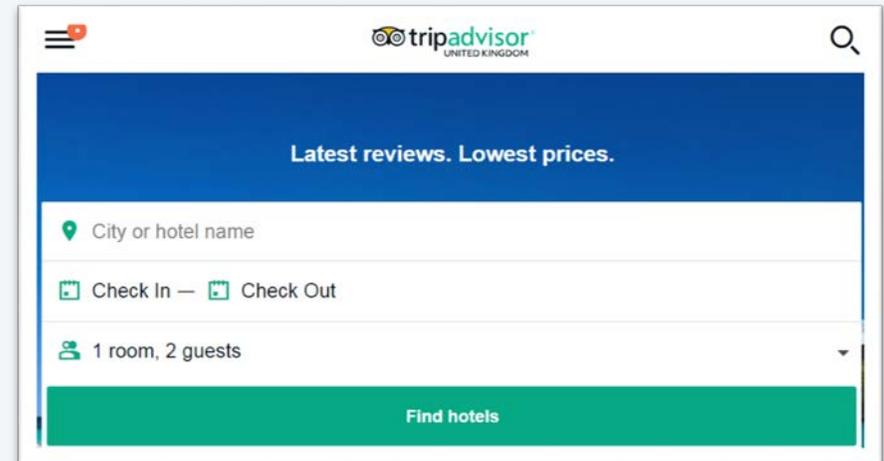
# Implementing transparency

1. Balance quality and quantity of information and keep it simple
2. Provide information at the right time and in the right place
3. Help your customers help you
4. Transparency should be both proactive and reactive
5. Embrace transparency even if it means negative reviews
6. Transparency involves more than just customer-generated reviews
7. Ensure you utilise neutral third-party websites

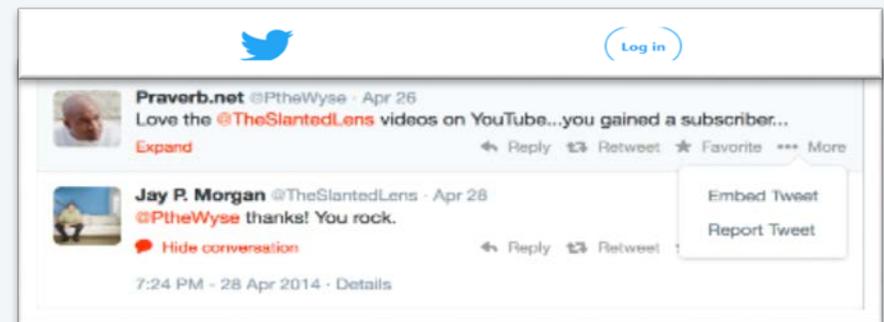
Horizontal 3<sup>rd</sup> party review sites



Vertical 3<sup>rd</sup> party review sites

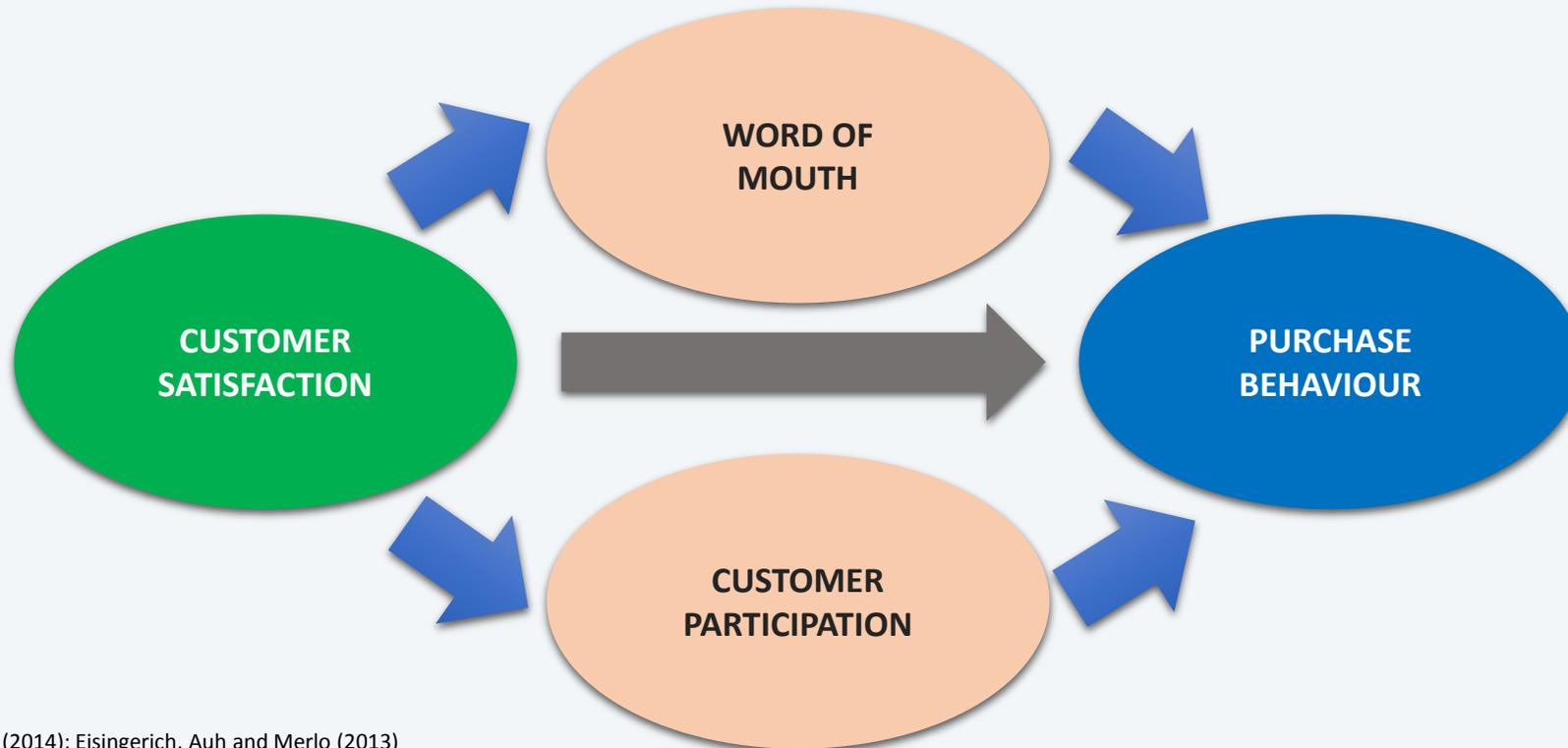


Social media sites



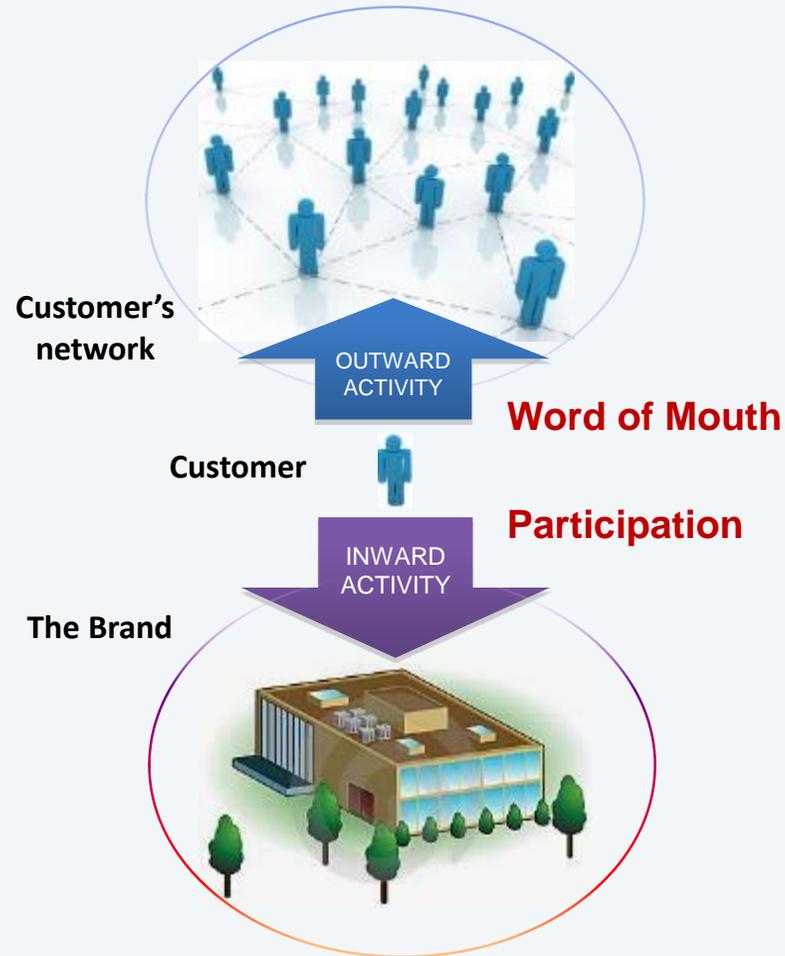
## 2. Customer engagement in the digital age

- Customer apathy means there is only a weak link between customer satisfaction and loyalty
- There are two potential “missing links” in that relationship
- The digital world offers great opportunities to harness both of them



Source: Merlo, Eisingerich and Auh (2014); Eisingerich, Auh and Merlo (2013)

# The power of customer participation



Encouraging both WoM and participation may help bypass customer apathy and tie customers more closely to your brand



Source: Merlo et al. (2014)

# Starbucks and customer participation

The screenshot shows the 'my Starbucks Idea' website. At the top, the logo 'my STARBUCKS IDEA' is displayed next to the tagline 'SHARE. VOTE. DISCUSS. SEE.' and the Starbucks Coffee logo. A green navigation bar contains the links: 'Share Your Idea', 'View All Ideas', 'Ideas In Action', and 'About This Site'. Below the navigation bar, a 'Welcome, Guest' box prompts users to 'Sign In to share, vote & discuss' with a 'SIGN IN' button. The main heading reads 'Help shape the future of Starbucks—with your ideas'. A paragraph explains the purpose: 'You know better than anyone else what you want from Starbucks. So tell us. What's your Starbucks Idea? Revolutionary or simple—we want to hear it. Share your ideas, tell us what you think of other people's ideas and join the discussion. We're here, and we're ready to make ideas happen. Let's get started.' Below this are four icons representing the site's features: a green envelope with a plus sign for 'share', a green checkmark for 'vote', a blue speech bubble for 'discuss', and a grey gear for 'see'. Each icon is accompanied by a brief description of the feature.

**my STARBUCKS IDEA** SHARE. VOTE. DISCUSS. SEE.

Share Your Idea | View All Ideas | Ideas In Action | About This Site

STARBUCKS COFFEE

Welcome, Guest

Sign In to share, vote & discuss

SIGN IN

### Help shape the future of Starbucks—with your ideas

You know better than anyone else what you want from Starbucks. So tell us. What's your Starbucks Idea? Revolutionary or simple—we want to hear it. Share your ideas, tell us what you think of other people's ideas and join the discussion. We're here, and we're ready to make ideas happen. Let's get started.

- share**  
Post your Starbucks Idea—from ways we could improve to things we've never even thought of.
- vote**  
Check out other people's ideas and vote on the ones you like best. The community votes. The community decides.
- discuss**  
Talk about ideas with other customers and our Starbucks Idea Partners and help make them even better.
- see**  
This is the proof. See which of your ideas were the most popular and watch as we take action.

Check out the latest ideas now!

# In closing

- Customers display more apathy towards brands than we often assume
- Rather than aiming for complete loyalty, devotion and love, try to give customers something to care about:
  1. Build an interesting and distinctive brand
  2. Build a transparent brand and manage for simplicity
  3. Reap the benefits of voluntary customer participation
- If you'd like to know more...
- **Readings:**
  - Eisingerich, Auh and Merlo (2013) "Acta Non Verba? The Role of Customer Participation and Word of Mouth in the Relationship Between Service Firms' Customer Satisfaction and Sales Performance", *Journal of Service Research*, 17.
  - Merlo, Eisingerich and Auh (2014) "Why Customer Participation Matters", *MIT Sloan Management Review*, 55.
  - Merlo, Eisingerich, Auh and Levstek (2018) "The Benefits and Implementation of Performance Transparency: The Why and How of Letting Your Customers "See Through" Your Business", *Business Horizons*, 61.
  - Yei, Eisingerich, Auh, Merlo and Chun (2015) "Service Firm Performance Transparency How, When, and Why Does It Pay Off?", *Journal of Service Research*, 18(4).
- **Executive education:**
  - Imperial College Executive Education 
  - <https://www.imperial.ac.uk/business-school/executive-education/open-programmes/>
  - **Marketing in a Digital World**, 3-4 May, 2018
  - **Customer Management for Executives**, 22-23 May, 2018