

**HELLO**

my name is...

*You don't really know,  
do you?*

By: Andrew Armstrong

In retail today, businesses and brands are doing everything they can to get ahead of their competition — including modern marketing initiatives like personalization, loyalty, and improving the customer experience wherever they can.

But is it getting us anywhere? I hate to say it but... not really.

As a vendor in this space, that's a hard thing to admit. Our goals, our services, our products, and even our entire raison d'être were all set around demystifying the marketing technology (MarTech) landscape and helping marketers to solve some of the most pressing challenges in their day to day activities.

Despite all of our efforts and best intentions — or maybe it's because of them — the marketing solutions space has gotten even more crowded and confused.

In the attempt to cash in on the latest thing, vendors from across the spectrum started adopting the latest buzzwords and making minor modifications to their packages and selling them to an unsuspecting public as “personalization solutions” or “omnichannel platforms” or “customer experience management solutions”. As a result, all of these terms have lost their originally intended meanings.

True Story. I was at an event a few weeks ago and went by a booth promoting themselves as the leader in omnichannel personalization solutions. Curious, I wanted to learn more so I let the Marketing Coordinator scan my badge and I asked “What do you do? Sounds Interesting.” Somehow, cell phone cases had become omnichannel personalization solutions. I guess a cell phone case is a personalization offering but I am not really sure how it earns the omichannel or solutions tags.

The point is that a lot of terms — like those above and others like Loyalty — have lost their meaning.

## What's your name again?

One of the most glaring examples is personalization.

Before you read on, take a couple of seconds just to think about what that word means to you — think of an example or two that you've seen. Got it? OK.

Did it look and feel like most of today's personalization efforts? An email addressed to "Hi, [insert name here]"? Or even better, "Dear, J.", because the retailer never did get anything more than a first initial from the customer.

Now, imagine a 50-year-old full-time housewife and part-time consultant who prepares meals for three teenagers, and a 20-something year-old single software designer with a nice new condo who eats out a lot and loves to prepare meals for single guests 2–3 times a week. They have both self-identified as "J. Smith" when filling out a grocer's online form. The two profiles have almost nothing in common — yet most "personalization efforts will treat them **EXACTLY** the same. They will both receive very neutral non-personalized communications addressed to "J."

That's a marketing fail and a bad customer experience. Most importantly, the customer is now at high risk of abandoning you, your business, or your brand.

And it is "personalization" efforts such as this that are behind the 82% of customers who will switch to the competition at the potential of a better customer experience — and it won't be very difficult to improve upon "Dear J"...

Now think about that — 82%!! Can you afford that?

## Can I get points with that?

Is it any wonder then that loyalty is on the decline? It has been for years.

The numbers speak for themselves. *McKinsey & Co.* just updated their seminal study where they evaluated 125,000 "consumer decision journeys" across 350 brands in 30 business categories — in 90% of cases, customers display little or no brand loyalty. Worse, only 10% can demonstrate **ANY** brand loyalty at all!

So what's the problem? The problem is focus — or a lack of it — or more specifically, focusing on the wrong thing...

Like "personalization", Loyalty has come to mean different things to different people. For many, it's about points and redemptions. That's just a race to the bottom and bleeds profitability.

It's time we refocus on actual loyalty. Loyalty with a capital "L"

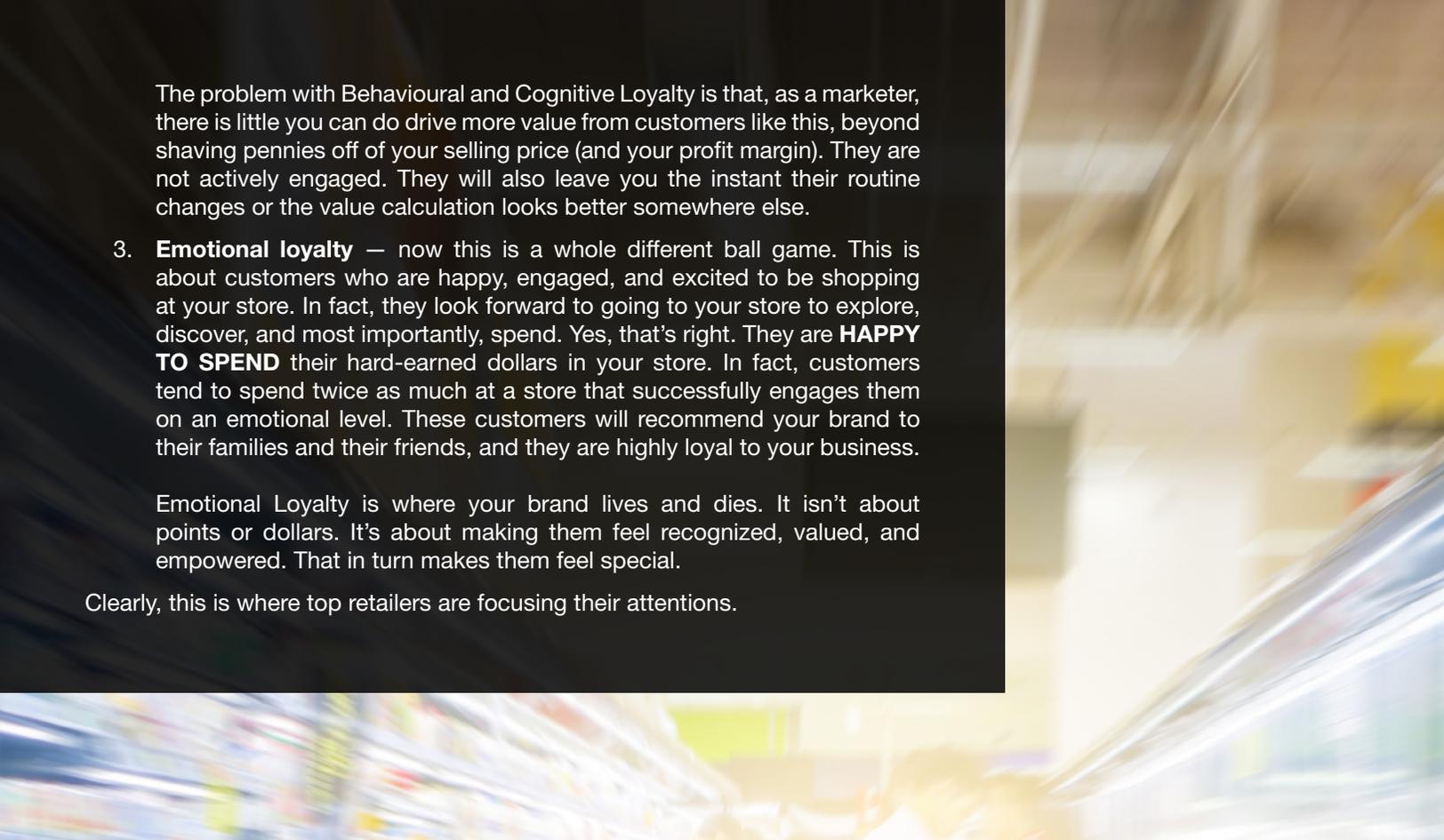
There are 3 kinds of loyalty, and we need to understand what they are and how they work so that we can leverage the types of loyalty that will give us the most traction. We also need to make sure that we don't waste our time, energy and marketing dollars on types of loyalty that won't give us enough of a return.

1. **Behavioural loyalty** — which is largely derived from habit or convenience. For example, consider the shopper who stops at the same corner store on the way home from work. He doesn't shop there because he loves shopping there, or because of price, selection, or a satisfying customer experience. He shops there because it is convenient or it's part of his routine.
2. **Cognitive loyalty** — this shopper has put some thinking into her shopping habits. She's done her homework, decided that is the best store/prices/selection/value, and that's why she shops there. It is a calculated decision and usually focused around value. For example, she might decide that Walmart is where she will buy blue jeans because she can get a decent pair of blue jeans for a very good price. And while she's there, she can also get some pop and potato chips for a decent price.



82% of customers will switch to the competition at the potential of a better customer experience





The problem with Behavioural and Cognitive Loyalty is that, as a marketer, there is little you can do drive more value from customers like this, beyond shaving pennies off of your selling price (and your profit margin). They are not actively engaged. They will also leave you the instant their routine changes or the value calculation looks better somewhere else.

3. **Emotional loyalty** — now this is a whole different ball game. This is about customers who are happy, engaged, and excited to be shopping at your store. In fact, they look forward to going to your store to explore, discover, and most importantly, spend. Yes, that's right. They are **HAPPY TO SPEND** their hard-earned dollars in your store. In fact, customers tend to spend twice as much at a store that successfully engages them on an emotional level. These customers will recommend your brand to their families and their friends, and they are highly loyal to your business.

Emotional Loyalty is where your brand lives and dies. It isn't about points or dollars. It's about making them feel recognized, valued, and empowered. That in turn makes them feel special.

Clearly, this is where top retailers are focusing their attentions.

## A company that gets emotional loyalty

*Farm Boy* is a Canadian specialty grocer that understands their niche and their position in the market. They know who they are and they know what their customers want. But just as importantly, they understand what they are not. They aren't a typical get-everything-here grocery store that caters to anyone and everyone. They're a fresh produce and healthy selection store; they sell fresh vegetables, they have a butcher counter (with real butchers), a deli counter, and they specialize locally grown fresh produce.

They are relentlessly focused on two things: **1.** Fresh food **2.** Solving their customer's biggest problems. They serve their customers what they can't find elsewhere; they successfully meet the needs of their customers in offering healthy ready-made-foods; they offer up ideas and recipes for dinner, and so much more. But the key is that they focus on a personalized experience.

And they continue to invest in tools and technologies that help them know their customers even better so they can continue to excite and delight their customers. **Every. Single. Day.**

They don't offer "other people like you also liked this" kinds of suggestions. That's not personalization. Personalization done right always exceeds customer expectations.

Their reward. They are the fastest growing grocer in Canada. They were acquired at a high multiple because of their growth and profitability.

And this all stems from having built a very strong emotional connection with their customers. If you need further proof, just check out the countless tweets posted to the *Empire* and *Farm Boy* accounts the day the acquisition was announced.

That is True Customer Loyalty. It is what we marketers should be striving more for.





## Focus on the value

That's the next big question — how can you score big like that; to capture emotional loyalty from your customers?

The answer is better personalization — **REAL** personalization. Focus more effectively on your known customers. They already know you and like shopping at your store. WE know they cost less to acquire and are 9X more valuable than a new customer. Get to know them better and target them personally — individually.

Get to know their likes, their dislikes, habits and preferences, and what it is that keeps them coming back, and focus on that. That way, you can move them up the “customer lifetime value chain” — essentially turning your occasional customers into regular customers, and turning regular customers into advocates or brand champions and brand ambassadors.

This isn't just a pipe dream — this is critical to the future growth and success of your business.

## Sounds easy; why haven't we done that?

So why haven't we already done this? One word: **DATA**. That word can be a scary word to some — and a complete mystery to others. Unfortunately, in some organizations, data is siloed — it is owned by different departments within the company. Some departments know how to use corporate data, and others don't. For example, the IT department owns data in many organizations, and they may see customer data as having a different use/value than a marketing department might.

Sometimes the data owners won't want to share that data for a variety of reasons — security, liability, etc. Worse than that, there are many companies where operations and e-commerce are separated along department lines, and sometimes competing with one-another for customer revenue! How can you effectively leverage your customer data in that type of environment?

Making things worse, marketing departments typically have many tools at their disposal, but they may be focused mostly (or entirely) on acquisition and awareness; yet another impediment to successfully leveraging your known customer data.

## So, what's the answer?

If you are serious about building Loyalty and growing your top and bottom lines — and that means today because your competitors are also reading this — then you need a CDP — a Customer Data Platform. This is a tool designed specifically for marketers to collect and unify disparate data sources (CRM, Loyalty, POS, e-commerce, Chat, feedback tools, social media, etc.). Even if you are starting from scratch, it allows you to build your customer data, creating focused and complete customer profiles - a Single-User-Profile for each and every customer.

That focused profile drives all of your personalization efforts, interacting with all of the systems in your organization, allowing you to continuously collect data and to learn about a customer through every interaction with them — Online, In-App, In-Store.

Essentially, the CDP gives you the ability to know your customer better. Only then can you serve them better — to provide a tailored, individualized experience.

And that's the whole idea isn't it? Because we know that personalized experiences illicit emotional responses and that is what must matter most to your business' bottom line.

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## Says who?

How do we know all this? We're *omNovos*, a retail spin-off of *DataKinetics* — a company that has spent the last 40 years helping the world's biggest banks and financial services companies get the most out of their own data.

The #1 and/or #2 company in every single vertical we work with is a customer. These customers have trusted us with their critical business data — to the tune of billions of transactions. **Every. Single. Day.** More importantly, they **LOVE** us.

If you are reading this and want to be more like our *Farm Boy* example and drive truly magical moments for your customers, then you should call us. You'll find an entire company of people who are smart, helpful and, most of all, good people to work with who won't treat you as just another customer — we actually care about the success of **your** business.

When it comes to personalization and Loyalty, we practice what we preach — that's why dozens of our first customers are still with us today.

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