Overcoming Customer Apathy in the Age of Digital Marketing

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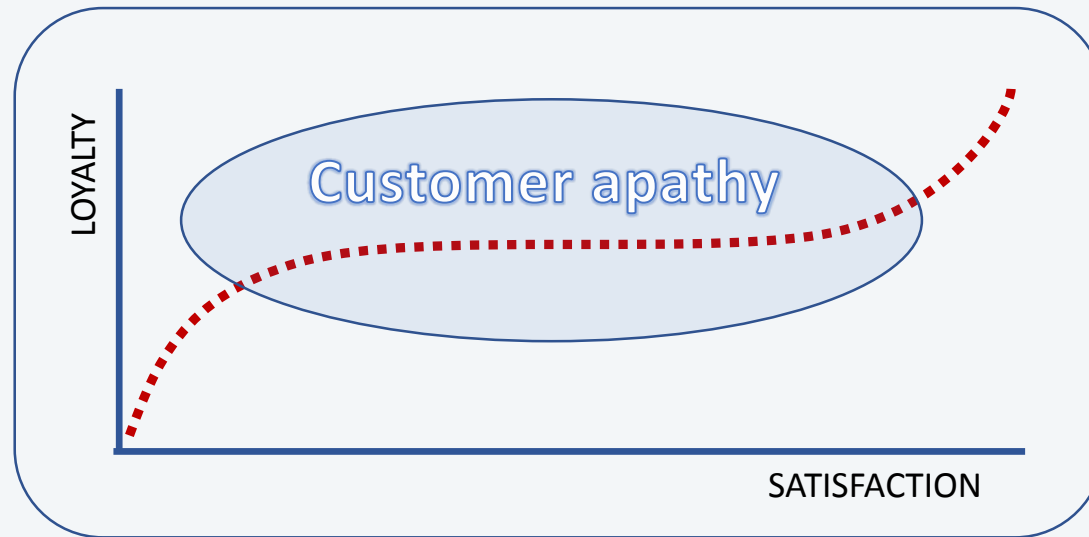Imperial College Business School, London
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CIM Summit - 31st March, 2018

Widespread assumptions about customer behaviour

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  - Product differentiation is essential

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- 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

Source: Nelson-Field and Taylor (2012)

Most customers don't know much about brands

80%

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

Source: Sharpe (2010)

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

Source: Nelson-Field and Taylor (2012)

Customers are more self-driven than brand-driven

THE NUMBER 1 REASON
WHY CUSTOMERS SAY
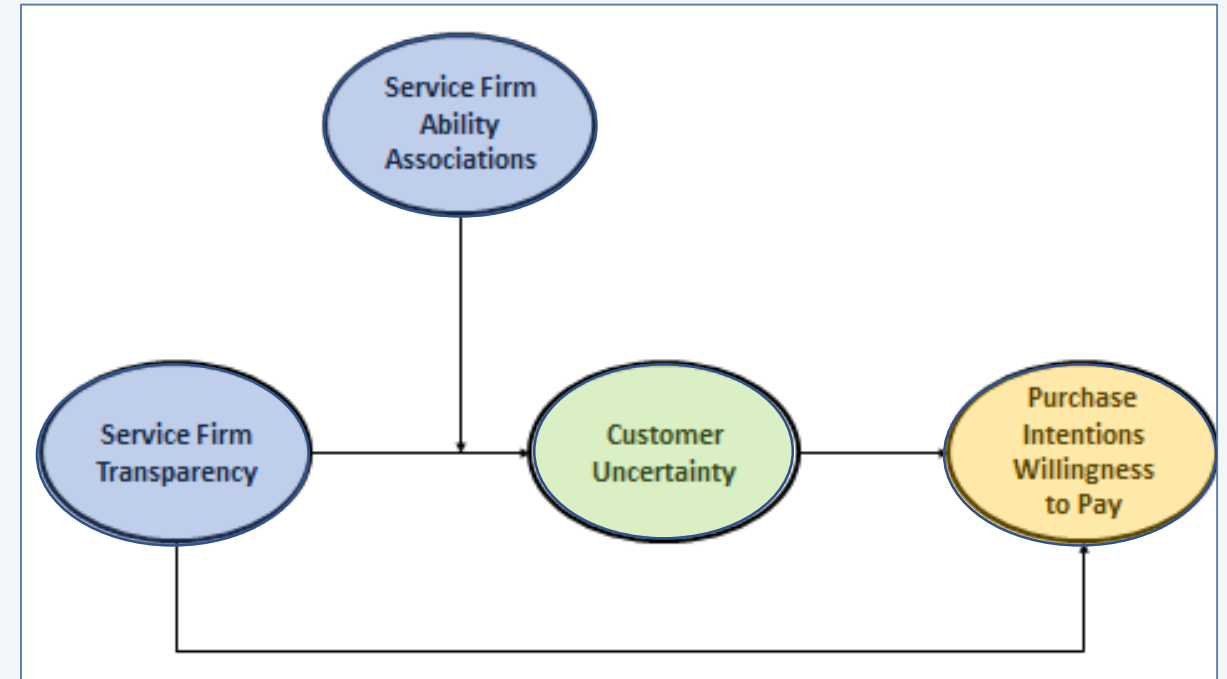
THEY INTERACT WITH BRANDS
ON SOCIAL SITES IS

TO GET A DISCOUNT

Source: Sharpe (2010)
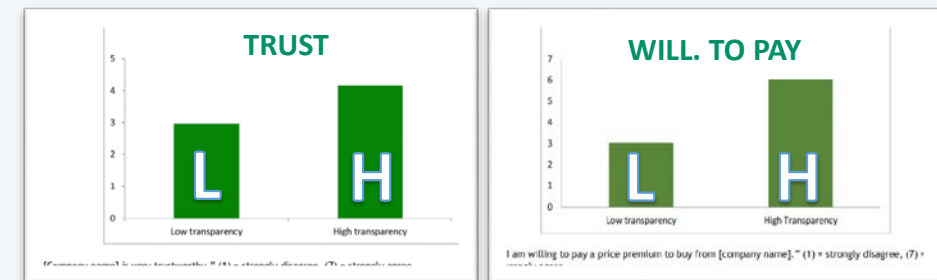
The implications for marketing

- 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)

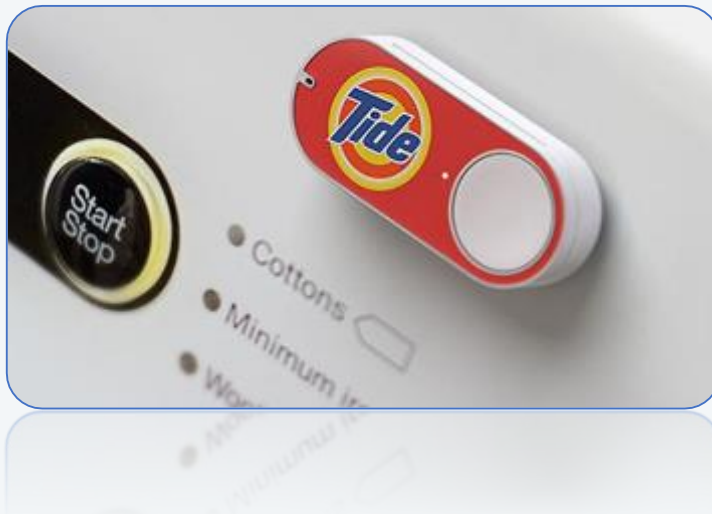Source: Merlo, Eisingerich, Auh and Levstek (2018)

Implementing transparency

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

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
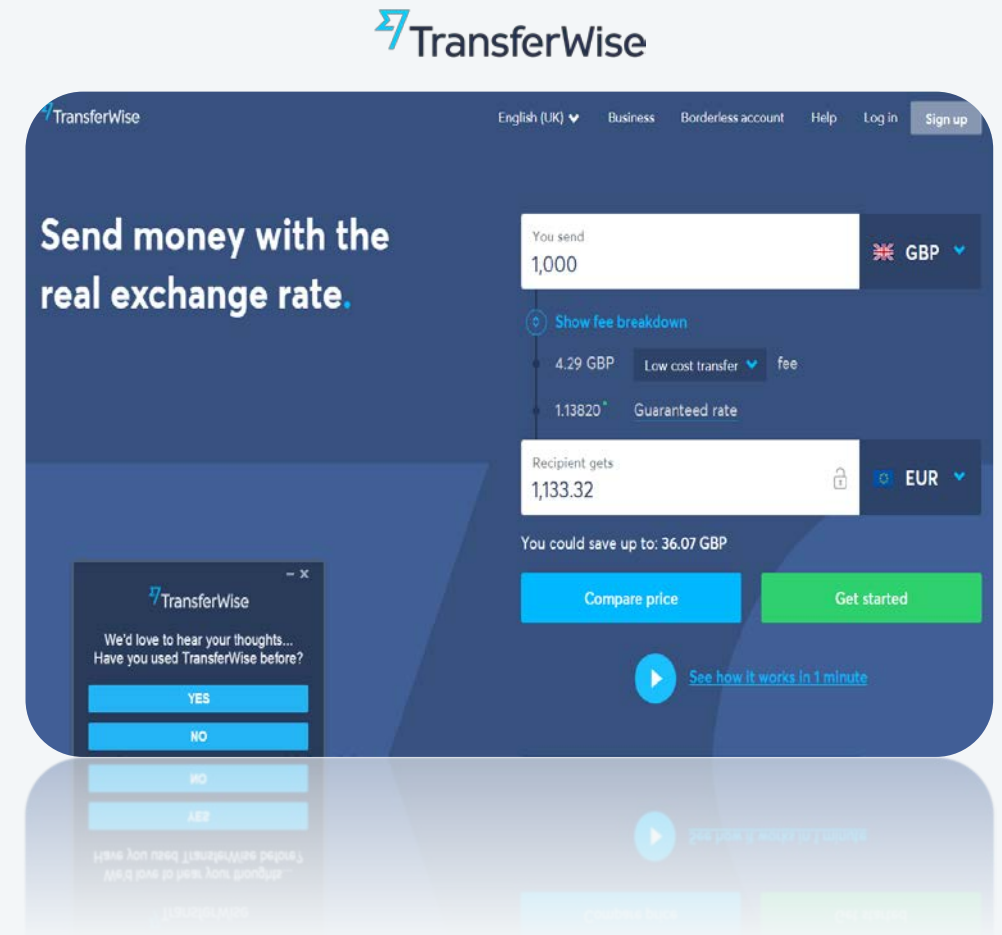
This is smart:

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

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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
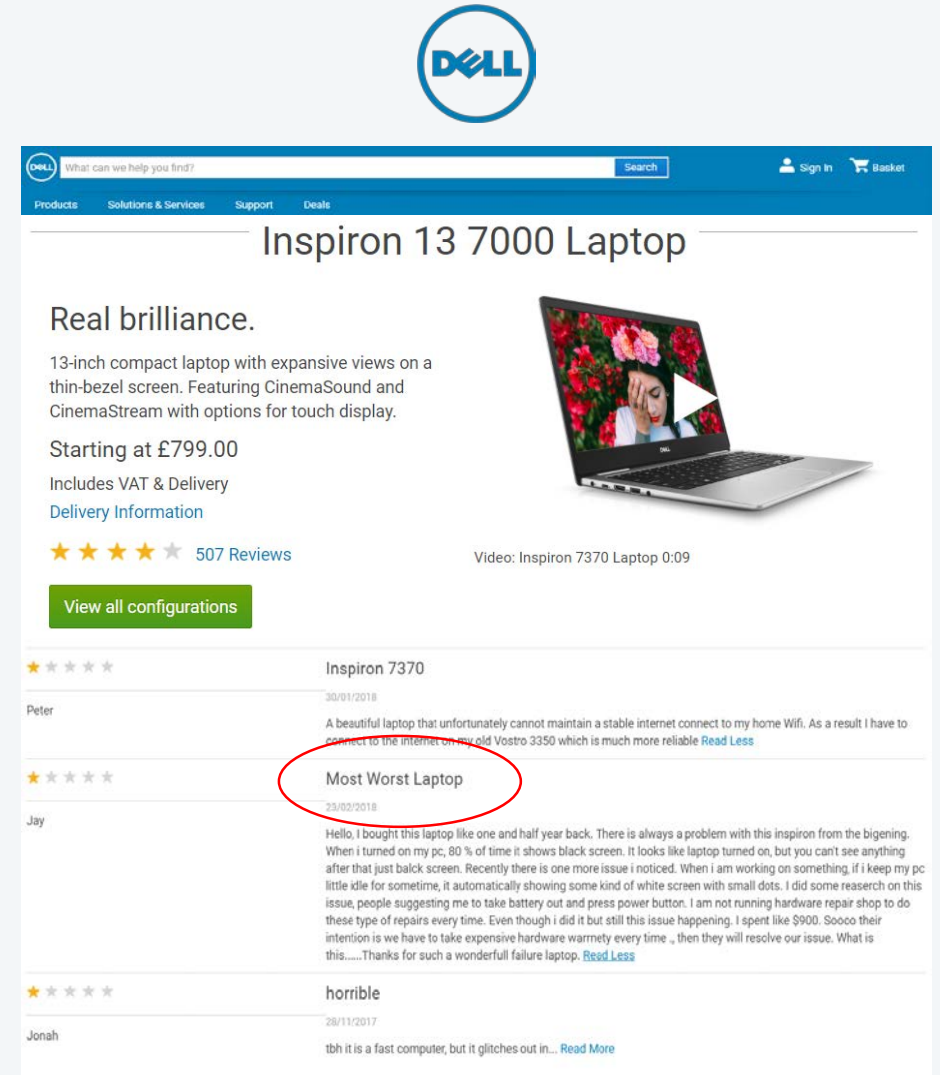- Monthly store visits up 50%

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

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5. Embrace transparency even if it means negative reviews

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6. Transparency involves more than just customer-generated reviews

blue ⊕ Price Promise

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

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.
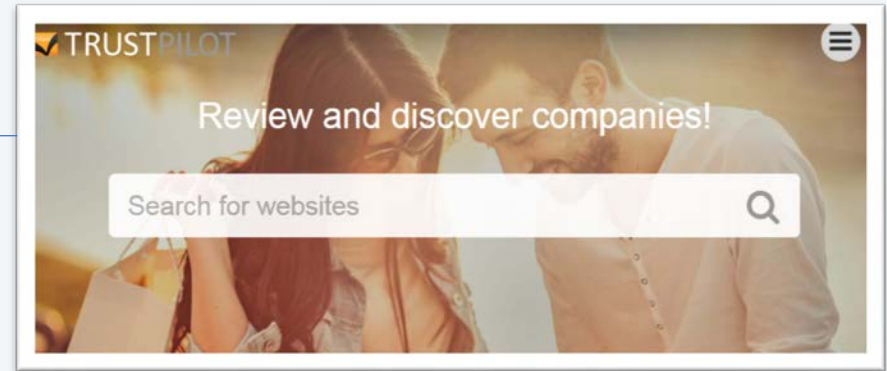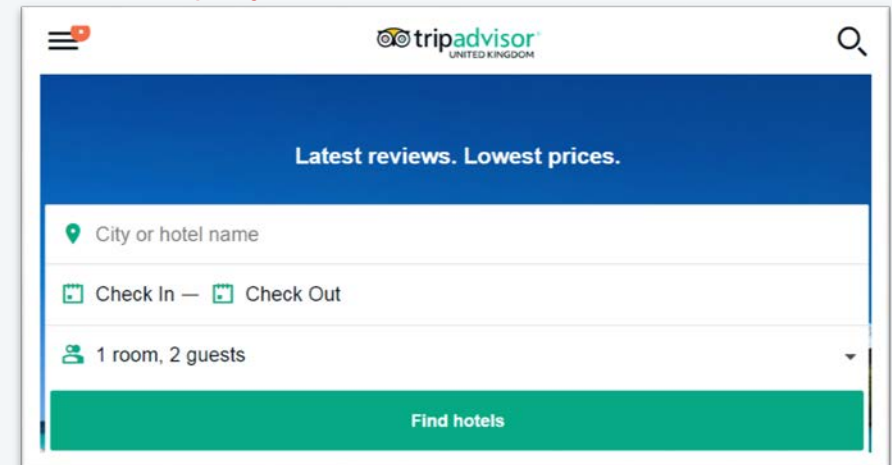
Thanks for being with EDF Energy.

Implementing transparency

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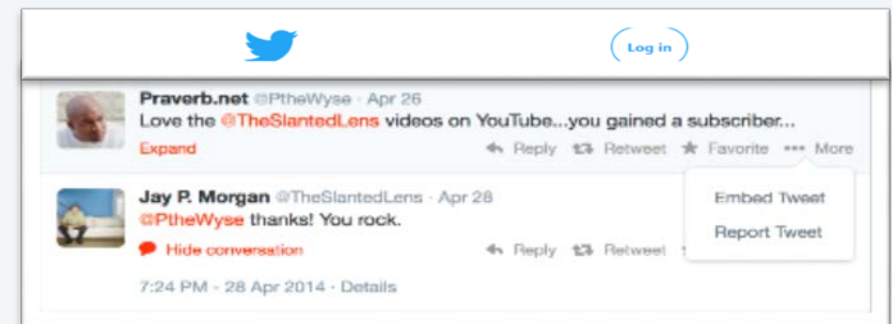7. Ensure you utilise neutral third-party websites

Horizontal 3rd party review sites
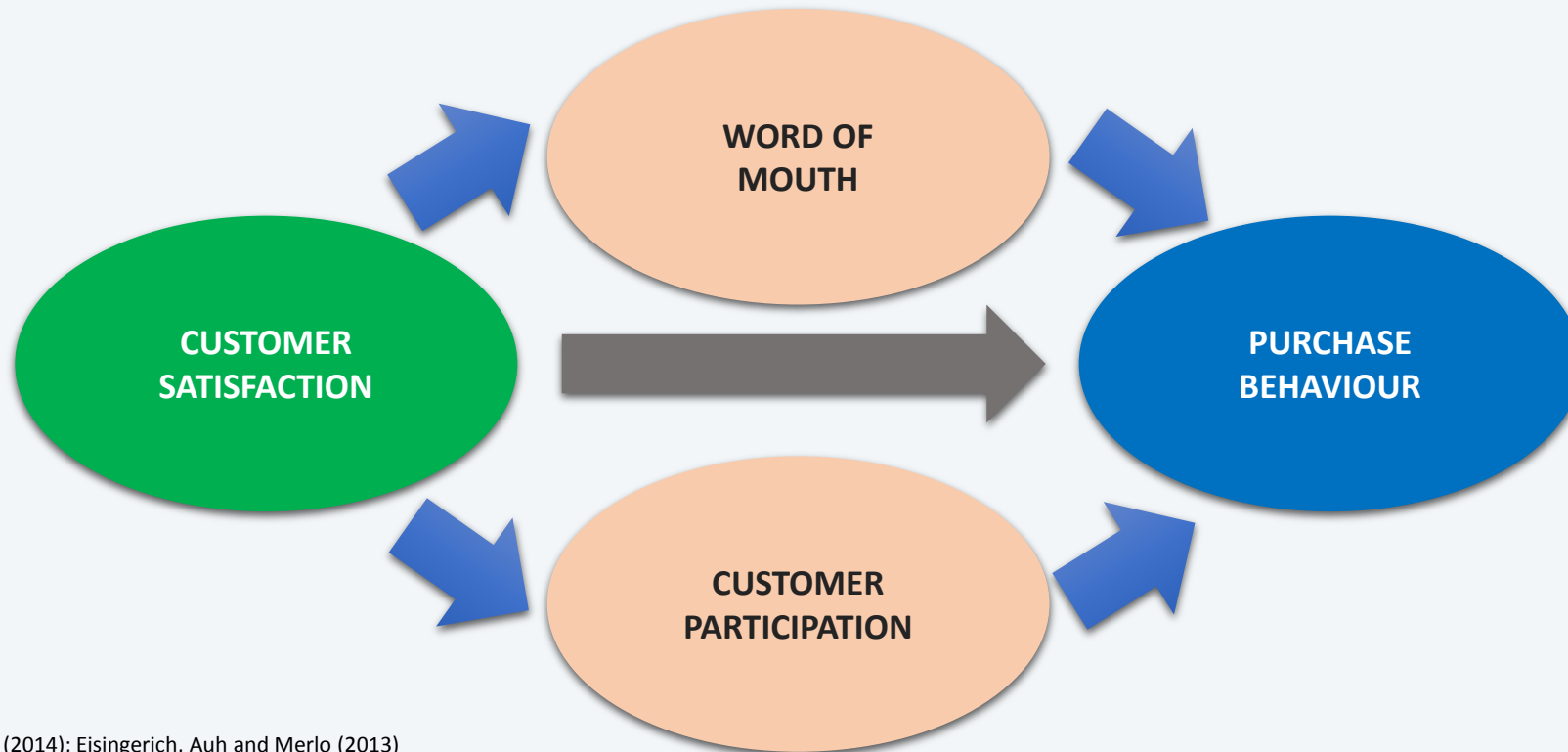

Vertical 3rd party review sites
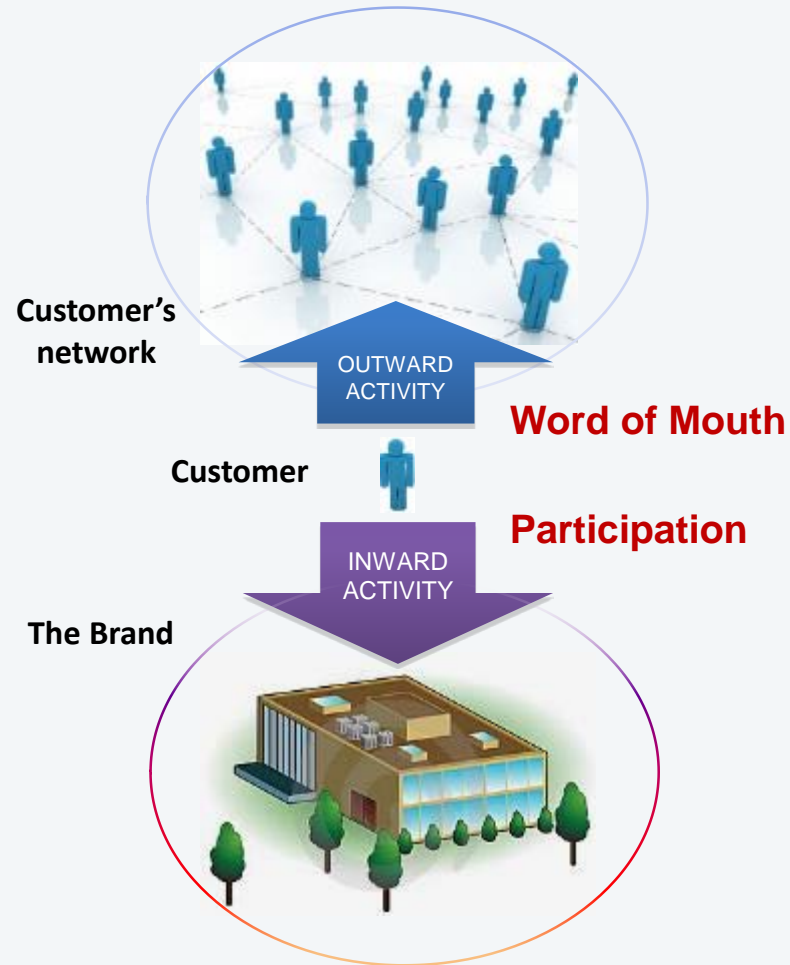

Social media sites

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)
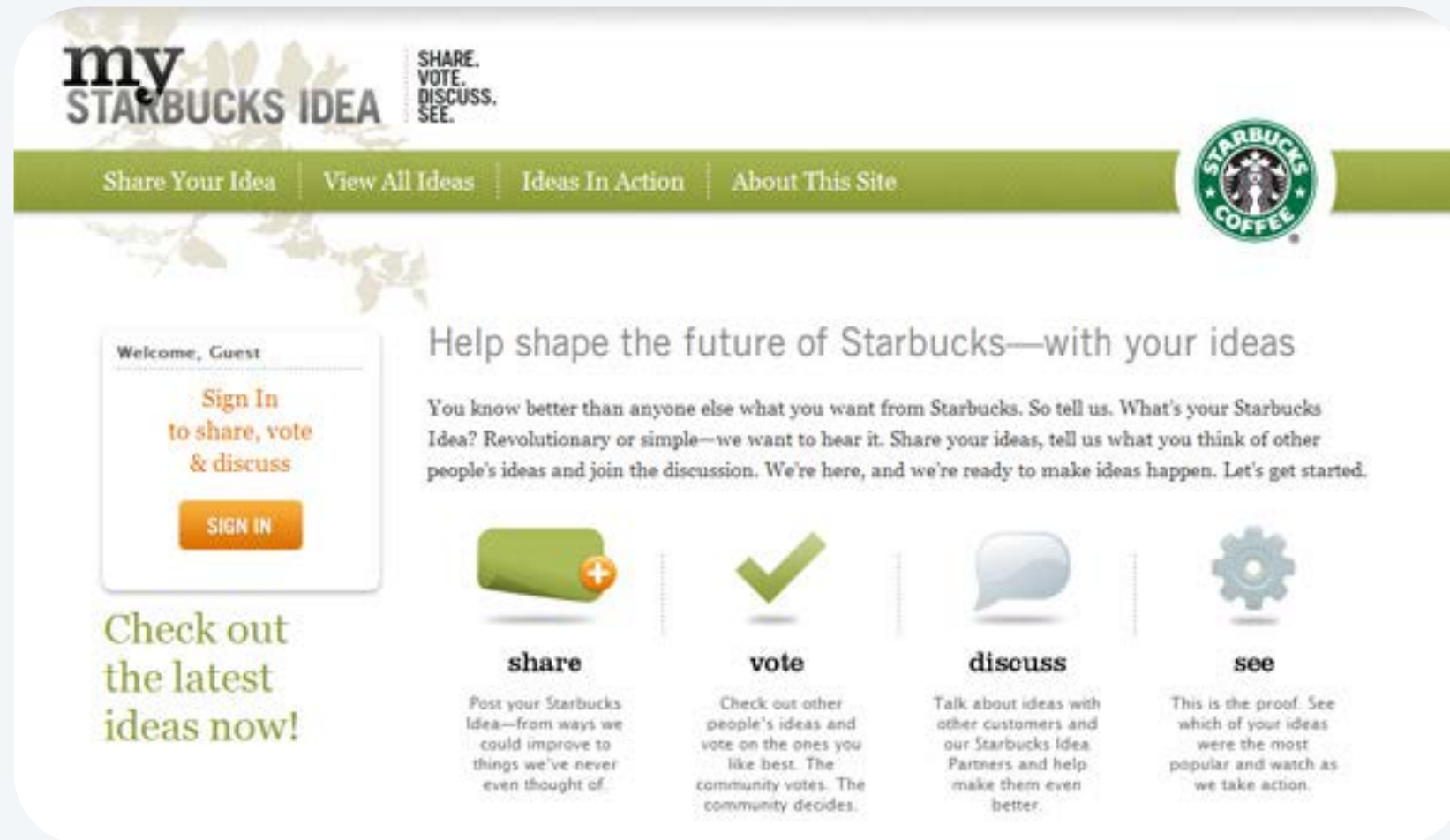
The power of customer participation

Customer's network

OUTWARD ACTIVITY

Customer

Word of Mouth

Participation

INWARD ACTIVITY

The Brand

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

Mean of total value of customer portfolio

Participation	High	Low	High	Low
Word of mouth	High	High	Low	Low

Source: Merlo et al. (2014)

Starbucks and customer participation

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