



## State of the LOYALTY INDUSTRY™

*powered by Loyalty 360*

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### **The One Question You Really Need to Ask. Really.**

*Robert Passikoff, Ph.D., Brand Keys Inc.*

Churchill said, “However beautiful the strategy, you should occasionally look at the results,” and it seems like good advice, particularly when every shop has a measurement method they talk up. But the market reality is that very, very few shops stop, look back, and examine real marketplace results to see if they were successful in identifying the right insights and strategies.

We rely on identifying what creates loyalty, because loyalty is a leading-indicator of profitability. Put another way: if you have loyal customers, you can virtually bet the farm that your company will be profitable. The shorthand version: Loyalty = \$\$\$, the critical portion of that equation being the “\$” because today CMOs, CFOs, shareholders and The Street, all want to know what they got for their efforts. Leading-indicators that are predictive of positive behavior are what all brands should insist on in order to put themselves on the golden-brick road to profits.

Brand Keys had measured what makes loyalty happen with emotionally-based metrics since 1984, back when “satisfaction” was all the rage. True, even back then satisfaction was a lagging-indicator, helping brands see what already happened. But back then, the price of trusting it to lead into the future was not as high, as the shifts in the market were yet untouched by something called “the internet” and technology moving from cold-room to desk to hand.

Today, if you are not satisfying your customers, they have so many other acceptable undifferentiated options that they don’t hang around for you to fine tune your brand. They have already de-friended you. And they never call.

Brands have all too often filed “predictive metrics” in the same place they keep the Easter Bunny and honest politics: they don’t believe for a moment that they exist. This is largely because they have been promised a way to look ahead, based on measures that look back—not unlike trying to drive a car using only a rearview mirror to steer. Not, you’ll admit, the smartest way to drive loyalty for your brand

Or, worse, the research has asked consumers direct questions about the future, as if consumers not only deeply understand the emotions that drive decision making, but can call them to mind and articulate them. Open-ended communication questions have become one of the most misused measures for this sort of “insight,” yet who can blame brands who don’t believe that anything better exists?

To drive your brand by looking ahead – predictively – through the windshield, research must offer two critical things: 1. Findings based on both the rational *and* emotional aspects that drive the category, according to consumers and not researcher interpretation; and 2. Be based on in-direct inquiry, using validated metrics that have been proven to get below-the-radar to what drives decision making in the category. You can’t do that with standard Q&A, no matter how many imagery questions you ask and no matter how many consumers answer.

So, how do you know? Ask the *one* question that really needs the right answer: What happened? The research predicted something; the brand did something; and then. . . *what happened?*”

As we do every year, we followed Mr. Churchill’s advice at the end of 2011 and examined how closely what we said during the year in our blog, *The Keyhole*, actually fit with real market results.

We invite you to listen to (or download) *What Happened? Successful Strategies, Marketing Misdeeds, and the Brands That Loved Them*, (<http://www.brandkeys.com/brand-stories/>) this year’s collection of 15 recordings. They are true stories that are a look back at categories that include loyalty observations and predictions about topics from social networking to smart phones,

banks to beer, and credit cards to wireless carriers. They cover brands from Ford to Facebook, Dior to Hyundai, and Purina to Pizza Hut, and hold our own brand feet to the fire to see if what we said *would* happen, *did* happen.

Ben Franklin said, "Well done is better than well said." Or as brands might suggest to their research providers and strategy consultants, "Don't talk the talk if you can't walk the walk." So yes, talk may be cheap. But loyalty research 'talk' that doesn't match up with what actually happens in the marketplace is not cheap—it's very, very expensive, in more ways than one.

*About the Author:*

*Robert Passikoff, Brand Key's founder and president, is a sought-after speaker and thought leader on engagement and loyalty. He has pioneered work in the area of loyalty and engagement, creating the Brand Keys Customer Loyalty Engagement Index, the Brandweek Loyalty Leaders List, the Sports Fan Loyalty Index<sup>®</sup>, and the Women's Wear Daily Fashion Brand Engagement Index<sup>®</sup>.*

LOYALTY EXPO 2012 SPEAKER: ROBERT PASSIKOFF

Join Brand Keys Managing partners, Dr. Robert Passikoff and Amy Shea at [Loyalty Expo](#) this spring on March 18<sup>th</sup> – 20<sup>th</sup> in Orlando, FL. During the session entitled, "How to Create Loyalty (and the Brands That Are Doing It Best)," Robert and Amy will share the most recent results of the 2012 Customer Loyalty Engagement Index, encompassing 85 product and service categories, including airlines, cosmetics, social networking sites, retailers, hotels, and technology brands, and addressing 600 specific brands, including Apple iPhone, Microsoft, T.J. Maxx, Toyota, Progressive Insurance, Amazon, Domino's, and Verizon.

