How The Internet Is Changing Consumers' Attitudes To Brands And What Marketers & Advertisers Can Do About It

Online strategies for creating Brand Loyalty and Brand Trust

"Without the glue of loyalty, even the best designed e-business model will collapse"

Reichheld, F: "E-loyalty, your secret weapon on the web" Harvard Business Review, July-August 2000

Cranfield UNIVERSITY School of Management

HenleyCentreHeadlightVision

AOL

Presentation Objectives

- How to develop strategies to counter the effect of *easily accessible comparative information* online by looking at off-site and on-site strategies

- That levers exist for the marketers to drive these strategies

- That adjustment of these levers can lead to *Consumer Engagement* (both attitudinally & behaviourally) which, in turn, can drive *brand loyalty, brand trust and customer advocacy*

- To demonstrate the importance of *Customer Advocacy* and it's relationship to ROI and brand growth

Presentation Storyboard

- ## Review of Brand New World 1
  - Identification & review of strategies
  - Why develop BNW2

- ## How we developed Brand New World 2
  - Methodology
  - Developing the BNW framework

- ## Results
  - Descriptive outputs
  - Benchmarking
  - Modelling

- ## Squaring the circle
  - Understanding that everything is connected

What is the problem?

A review of Brand New World 1:
How the internet is driving consumer volatility

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Brand New World 1 Hypothesis

Information obtained on the web and personal online experience is modifying brand opinions and purchasing behaviour, regardless of whether the final purchase is made online or offline

Information sources ranked by "importance"

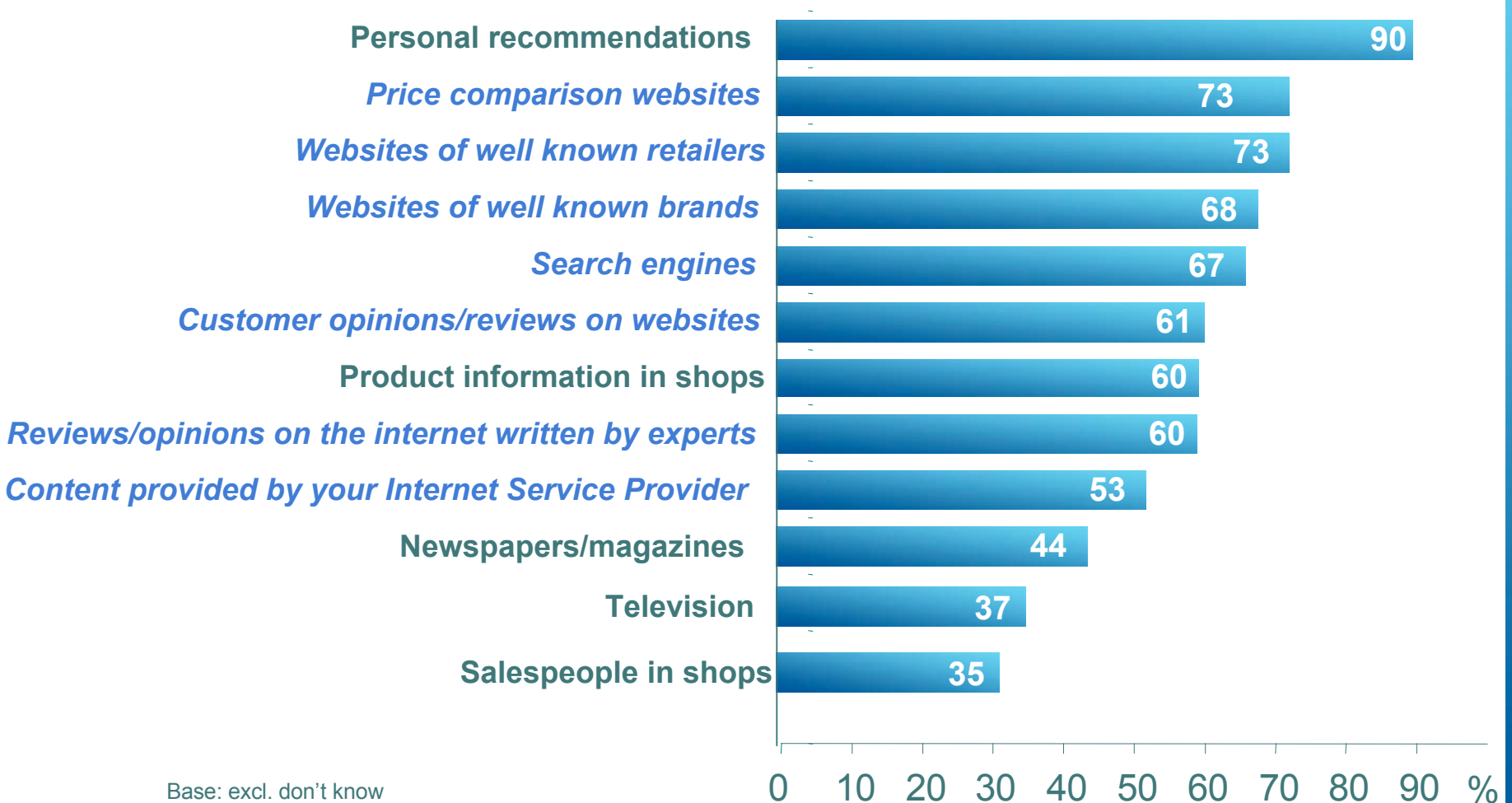% who consider the following to be important sources of information when researching/considering a product or service

Source	%
Search engines	71
Personal recommendations	67
Websites of well known retailers	57
Price comparison websites	56
Reviews/opinions on the internet written by experts	50
Customer opinions/reviews on websites	47
Product information in shops	46
Content provided by your Internet Service Provider	38
Television	34
Newspapers/magazines	34
Salespeople in shops	24

Base: excl. don't know

Information sources ranked by "honest and fair"

Information source	%
Personal recommendations	90
Price comparison websites	73
Websites of well known retailers	73
Websites of well known brands	68
Search engines	67
Customer opinions/reviews on websites	61
Product information in shops	60
Reviews/opinions on the internet written by experts	60
Content provided by your Internet Service Provider	53
Newspapers/magazines	44
Television	37
Salespeople in shops	35

Base: excl. don't know

Source: Henley Centre / AOL 2004

What is happening to consumer's brand perceptions & behaviour

% who agree that as a result of using the internet

Statement	%
I look more favourably on certain brands	56
I came across a new brand, which I was not aware of before	53
I came across a new brand, which I then bought (anywhere)	45
I decided not to purchase a certain brand or make	43
I changed my mind about a brand I was going to buy and switched to a different brand	42

%

0   10   20   30   40   50   60

Base: excl. don't know

Summary

- The internet is having a fundamental influence on the way your customers see your brand

- Online influences are making your customers less brand loyal, more open to try new brands, more willing to experiment

- You cannot ring-fence your offline sales from these online influences

Control

Chaos?
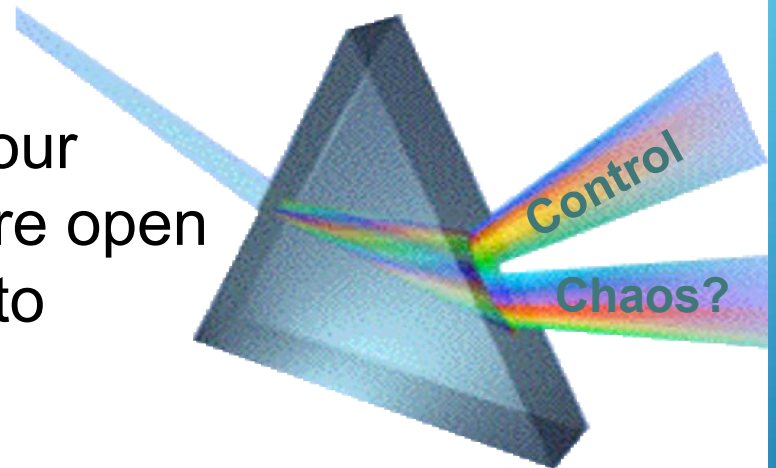
What are the solutions?

The strategic implications of Brand New World 1:

- The critical importance of trust
- Strategies for countering perfect information

The Importance of Trust
A key inhibitor of consumer volatility

When buying online, I will buy a product if……..

I am familiar with the retailer	Yes	Yes	No	No
I am familiar with the product / brand	Yes	No	Yes	No
	90%	**82%**	**54%**	**13%**

Brand New World I:
Suggested Online Strategies

Easily accessible comparative information

Counter or exploit information at source
Monitor blogs, set up product discussion sites

Satisfy consumer appetite for all sorts of information – including commercial information
Email marketing, advertising, promotions, full commercial transparency online

Harness the trustworthiness of online information sources
Align with major digital players

Strategic Implications of Brand New World I

Getting Closer to Customers

http://www.technorati.com

http://en.wikipedia.org/wiki/Technorati

http://en.wikipedia.org/wiki/Blogosphere

http://www.biz360.com

http://en.wikipedia.org/wiki/Category:Blogs
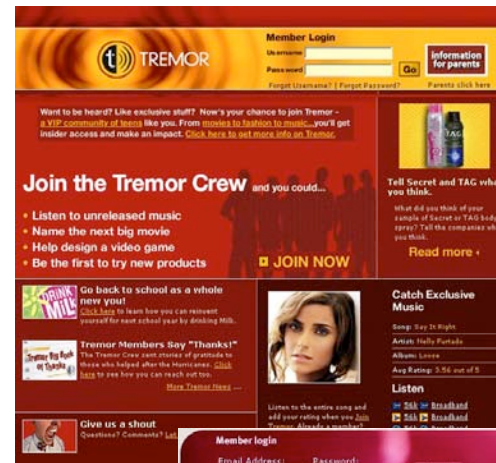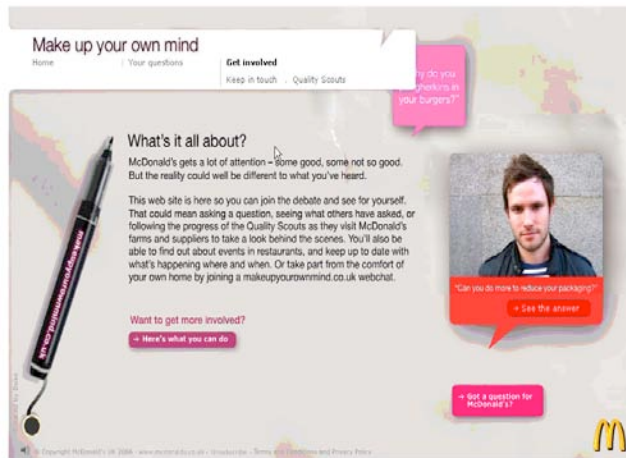
Strategic Implications of Brand New World I

But you abuse that trust at your peril

Edelman, Wal-Mart and the Loss of Control in Media:

For all of the hype over "conversation" as the new media paradigm, no one has yet figured out how to use conversation to reliably achieve any business objectives.

So Edelman naturally fell back on the approach that has worked for decades — control the conversation by manufacturing it.

Scott Karp, Publishing 2.0, http://publishing2.com/

What's in a name

- **WHAT DO YOU CALL** a phony blog that's actually a front for a huge corporation? A "flog"?

- *Media Post "Pro-Wal-Mart Travel Blog Screeches To A Halt" Oct 12, 2006*
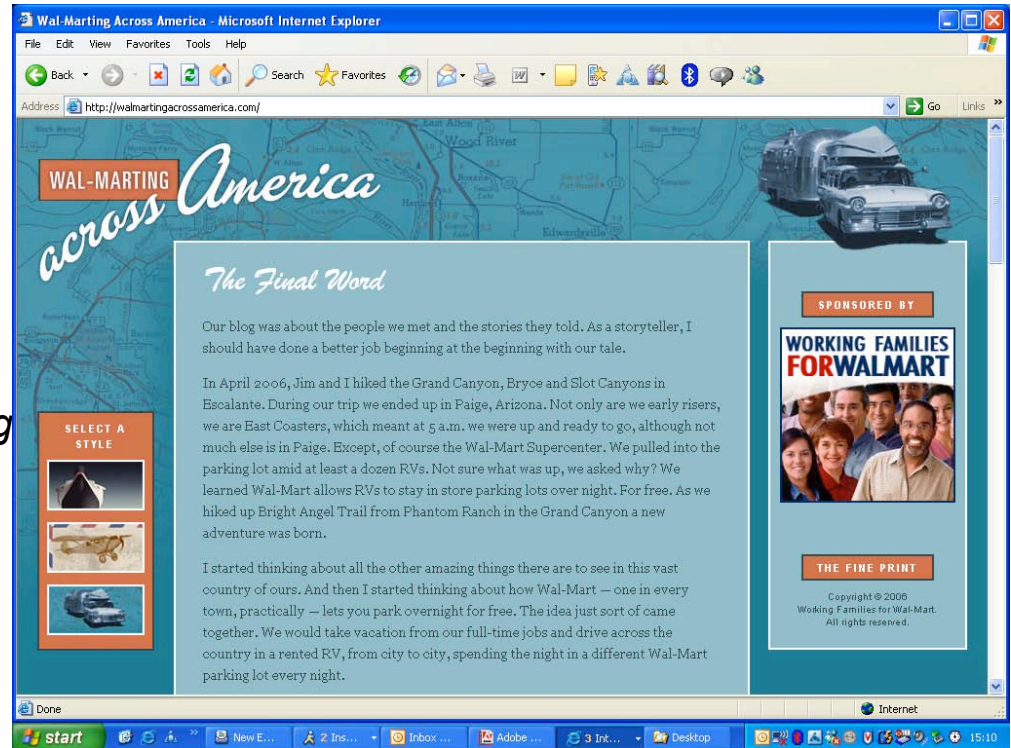
The Basic Rule: Don't fake "transparency"

- "This is so foolish on so many levels.. Everyone involved violated the basic rule: **Be transparent.** If you're found out, it comes back as a slap in the face."
Corporate blogging consultant Debbie Weil, quoted Media Post Oct 12, 2006

•WebProWorld forum: http://www.webproworld.com/viewtopic.php?p=329434
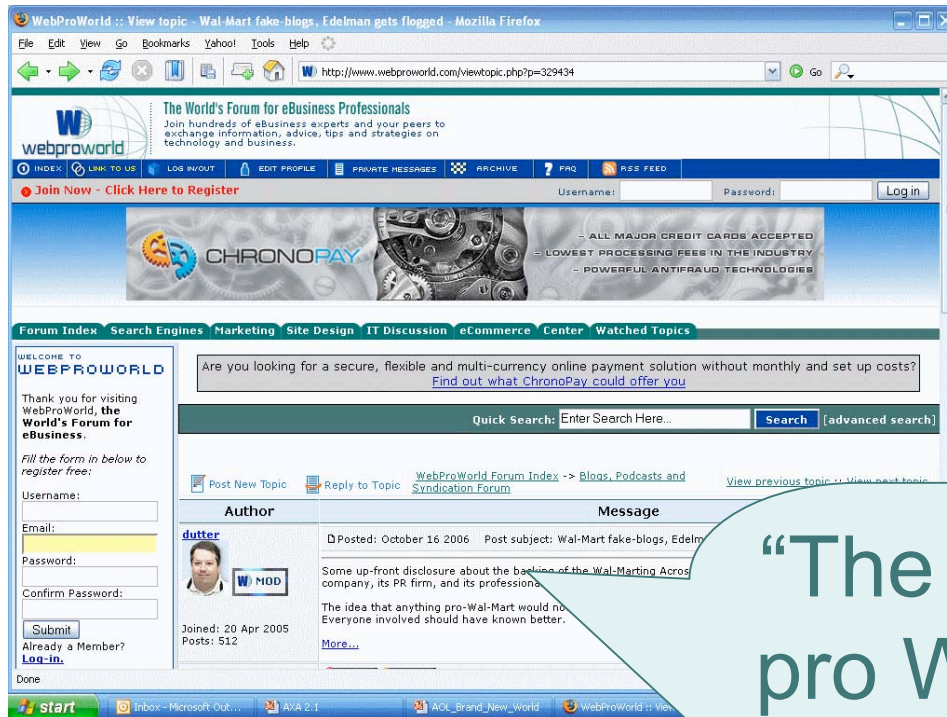
"The idea that anything pro Wal-Mart would not have been subject to withering scrutiny defies belief"

Dell gets it right at last

Blogger: Alex Gruzen, Sr. VP - Mobility Product Group

- "The blog team at Dell has done an impressive job. They've ….addressed shipping delays for their XPS 700 model; a high-profile processor issue for Chinese customers with a post in both English and Chinese".

http://jeffbeckham.com/

Dell gets it right at last
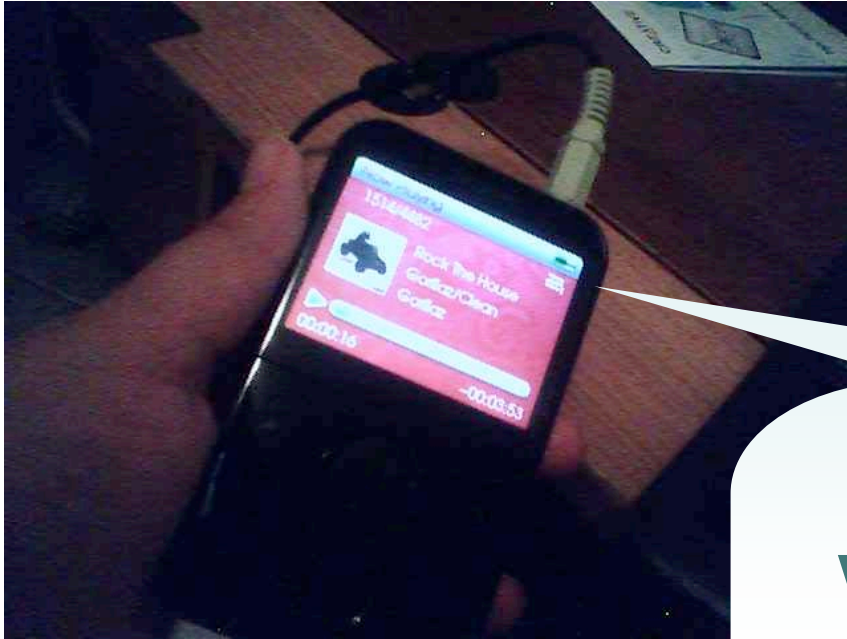
Creative Zen Vision: M 30-Gig mp3 player; blogger names the player "Blain"

- And there are now customer service people assigned to respond to bloggers

"So John Blain, whoever has sent you on this quest of finding unhappy Dell customers is a a wonderful person".

Summary: Where is the Gap?

- Brand New World I offered a **snapshot** of the impact of the internet on consumer behaviour

- It highlighted the **critical importance of trust** and a number of strategies that could be employed to **counter "perfect" information**

- There is a gap in the market for a study that (a) **evaluates** the online 'off-site' strategies highlighted in BNW 1 and (b) **identifies and measures** the relative importance of website drivers of brand trust and loyalty

Resolving the Gap

Brand New World 2: Methodology

Methodology Framework

Context / rationale	Data Collection			Descriptive analysis	Advanced Statistical Analysis	
BNW I						
Desk research	Qual depth interviews	Pilot	Quant	Results	Segmentation	
BNW II						
Desk research	Qual depth interviews	Pilot	Quant	Results	Segmentation	
					Factor analysis	SEM
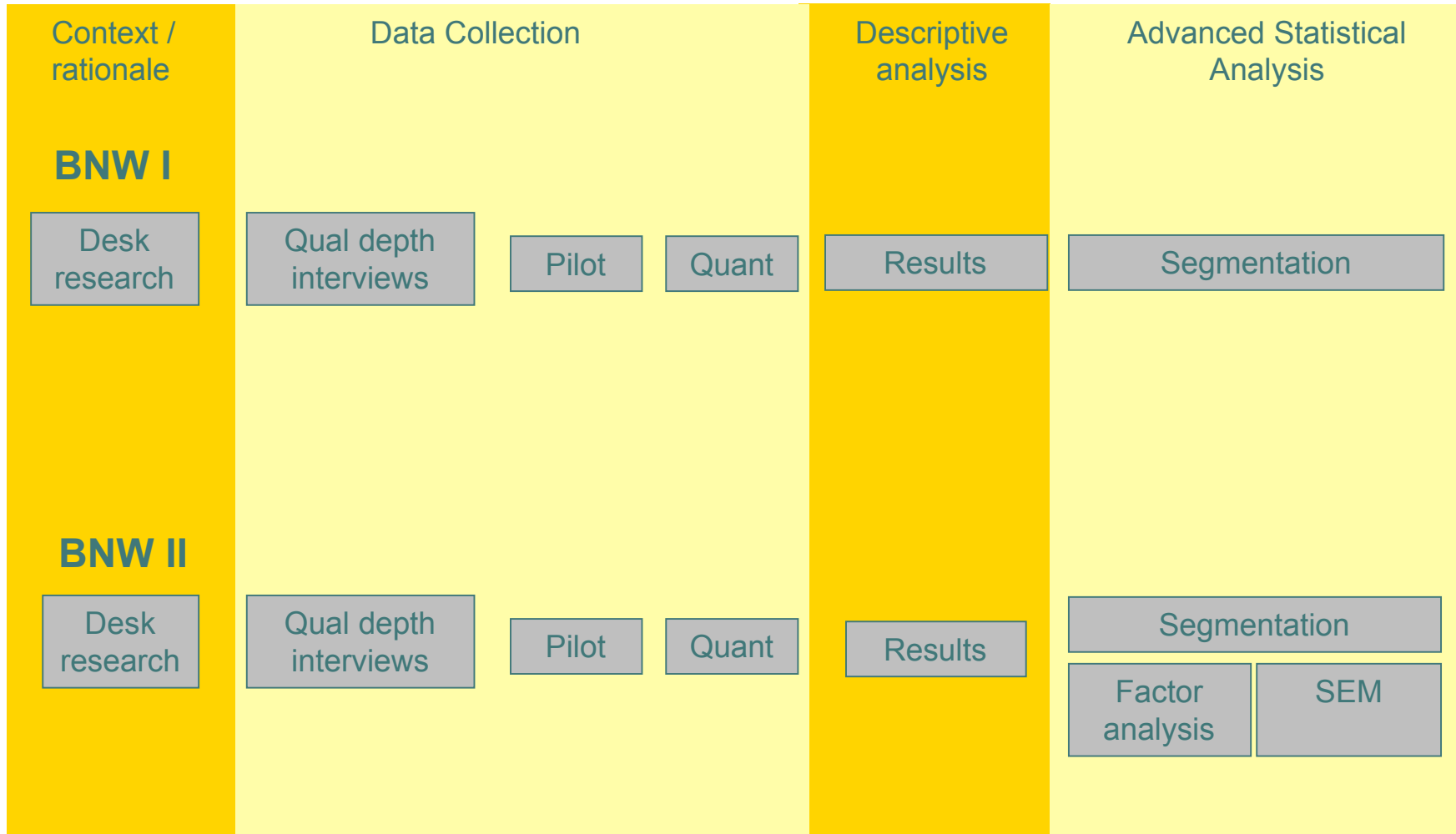
Qualitative

- Recruitment
    - Conducted in London, Birmingham and Leeds
    - Sample profile:
        - All internet users (at home)
        - All shopped online in last 6 months
        - Mix of sex, age and online experience
        - All to complete time diary prior to participating in research
- Format
    - 12 depth interviews
        - 1.5-2.0hrs duration
    - 6 re-contact interviews
        - 30-45mins duration
        - Conducted over the telephone

- Discussion guide
    - Brands and consumers – a wide perspective
    - Impact of online on consumers' relationship with brands
    - Online behaviour – research, purchase, information seeking
    - Interacting with brands online and online communications

Quantitative

- Sampling
  - BMRB demographic database
- Recruitment
  - Home internet users who have researched and/or purchased online in the past six months
- Data Collection
  - CATI
- Questionnaire
  - 30 (ave) minute survey covering the following topics:
    - Demographic details
    - Online usage and behaviour
    - Attitudes to brands, marketing and communication
    - Online researching behaviour
      - Key categories researched
      - Factors that impact on category experiences
    - Online purchasing behaviour
      - Key categories researched
      - Factors that impact on category experiences

- Sample size and confidence thresholds
  - 1,000 respondents
  - For total sample differences of >2% pts are significant
  - Note: These figures are for significant difference at the 95% confidence level. These differences are based on comparing data collected using a purely random survey method. Brand New World is not a purely random survey and some caution should be given to 'significant' differences, especially of 1-2%.
- Weighting
  - The BMRB Internet User Monitor

Analysis

- Using exploratory factor analysis*, the data (variables) was grouped into 6 predictor factors (research) and 7 predictor factors (purchase)

- The outputs were also grouped into factors, using a combination of factor weightings

- These factors were then placed in a causal path diagram, with hypothesised relationships between the predictor factors and outputs

- Structural Equation Modelling Analysis was then employed to interrogate whether the model (causal path diagram) fitted the data

- The basis of SEM is a linear equation model; since the world is rarely linear, the underpinning assumption is *"Does [the model] fit well enough to be a useful approximation to reality, and a reasonable explanation of the trends in our data?"*

http://www.statsoft.com/textbook/stsepath.html

* Factor analysis is a statistical technique that groups variables by their latent correlation

Resolving the Gap

Re-examining the issue:

Brand New World II: Consumers' relationship with online information

Internet Expertise

Q: Regarding your own particular use of the Internet, would you say you are…..

Pie chart:
- Expert 9%
- Beginner 22%
- Advanced, but still need occassional help 26%
- Quite Knowledgeable 43%
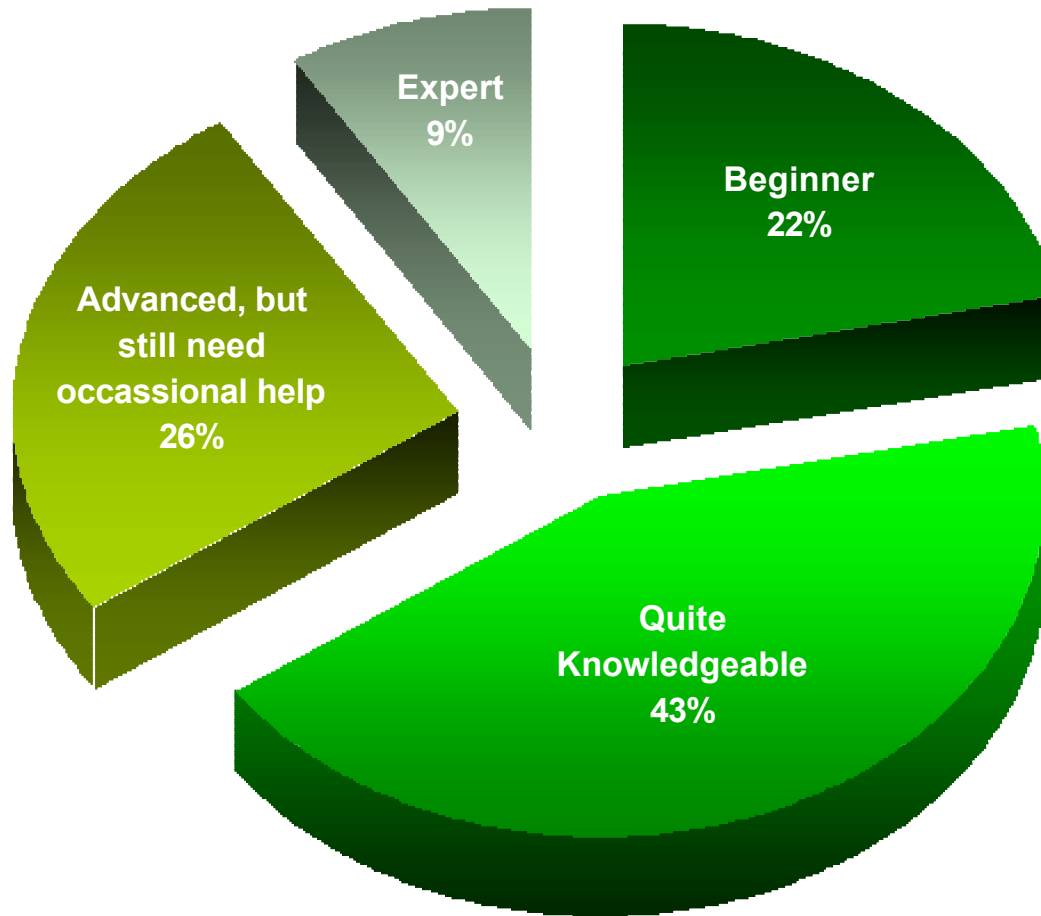
Base: Total Sample (1000)

Source: Brand New World II
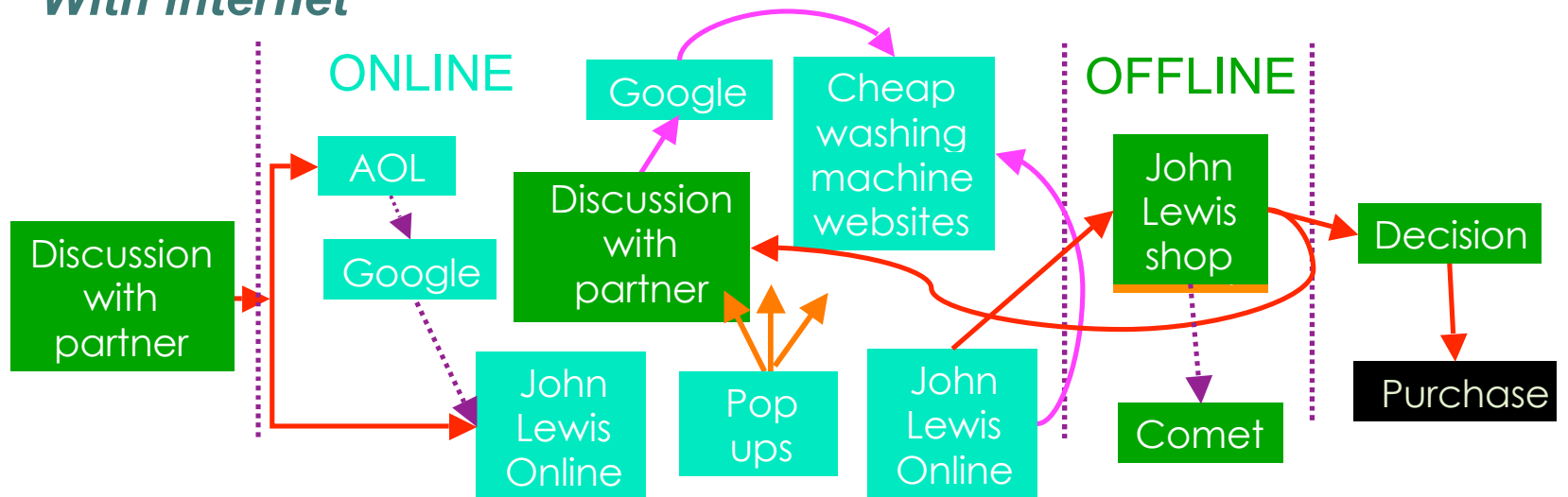Cranfield School of Management/Henley Centre/AOL 2006

Relationship with online information

The Commercial Scrutinisers

Q: Which, if any, of the following have you done on the Internet in the last six months? (MC) (%Yes)
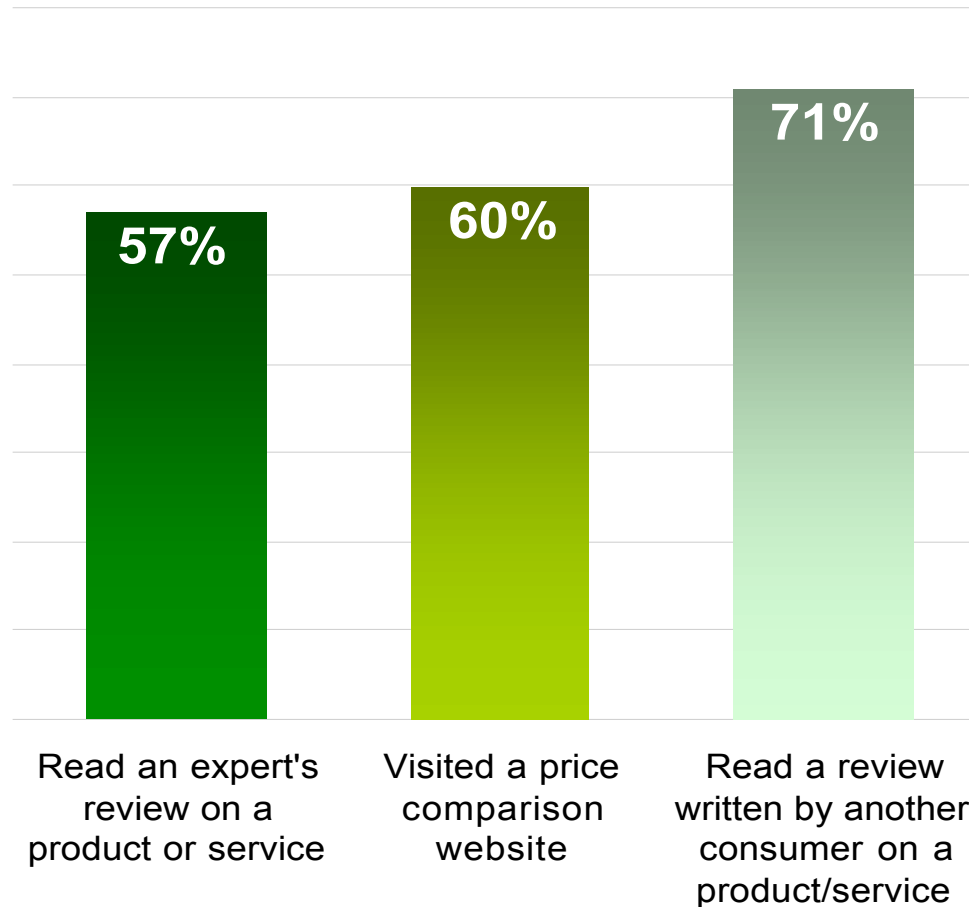
Bar chart:
- Read an expert's review on a product or service: **57%**
- Visited a price comparison website: **60%**
- Read a review written by another consumer on a product/service: **71%**

Relationship with online information

The New Purchase Model –
the need to be informed

An example of buying a washing machine

Pre-internet

Discussion with partner → John Lewis → Comet → Discussion with partner → Decision → John Lewis → Purchase

With internet

ONLINE

OFFLINE

Discussion with partner → AOL → Google → John Lewis Online

Google

Cheap washing machine websites

Discussion with partner

Pop ups

John Lewis Online

John Lewis shop → Decision → Purchase
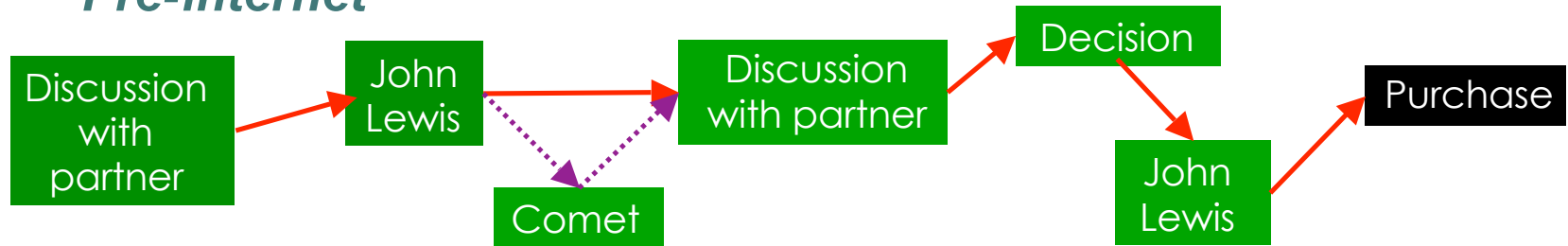
Comet

Example taken from Qualitative Research

The Consumer Activists

Q: Which, if any, of the following have you done on the Internet in the last six months? (MC) (%Yes)

Bar chart:
- Given feedback to commercial website: 37%
- Taken part in an online discussion / chat: 26%
- Written a product review: 18%
- Submitted a response to an online blog: 11%
- Written an online blog: 7%
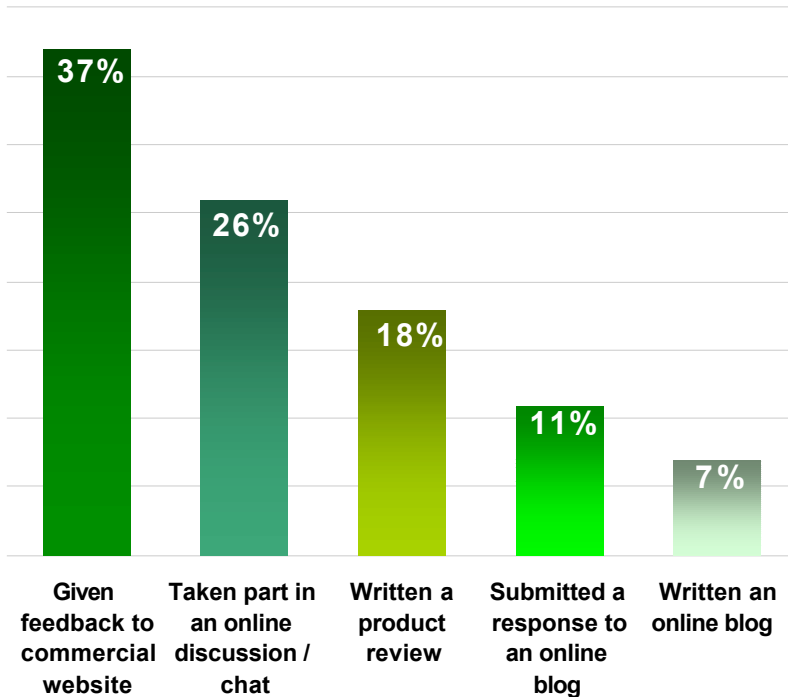
- Consumer activists are young (15-34)

- Unsurprisingly they are more likely to consider themselves advanced or expert internet users

- They are also more likely to high frequency researchers and purchasers

Relationship with online information

The disproportionate effect of activism

The disproportionate effect of activism

The disproportionate effect of activism

The disproportionate effect of activism

Cillit BANG!

BANG, and the dirt is gone.

15 SECONDS

I, like all Brits love the Cillet BANG advert. It's cleverly shot, presented and produced. Its a modern day classic, which I hope to remember as long as the J.R. Hartley ad. But is the new revolutionary product really as good as Barry Scott will have us believe? Can we trust TV? Would my life improve if my pockets were full of sparkling coins? Who cleans their coinage anyway? I decided I wanted to find out...

If you haven't seen the advert, grab the copy I stole here (570k .wmv) so that you are up to speed.

I, like many men my age, have a traffic cone. You never know quite how you got it, but one morning, you just have one. One day I decided to put a base on it, and use it to collect loose change. Years later, and its full of 1 and 2 pence piece's.

Safety First Kids; I did try and get pink rubber gloves, but they only had black in my size.
At this point I would normally make a joke about a man with big hands...

So I started to fill the container with the apparently magical Cillit BANG!

Not suitable for: ✗acid sensitive surfaces like marble ✗enamel ✗aluminium ✗natural stones or zinc-plated metals ✗lime grouting ✗hot/damaged surfaces ✗textiles ✗carpets ✗copper ✗satined fittings ✗linoleum ✗varnished, waxed or oiled wood floors ✗rubber

✗copper
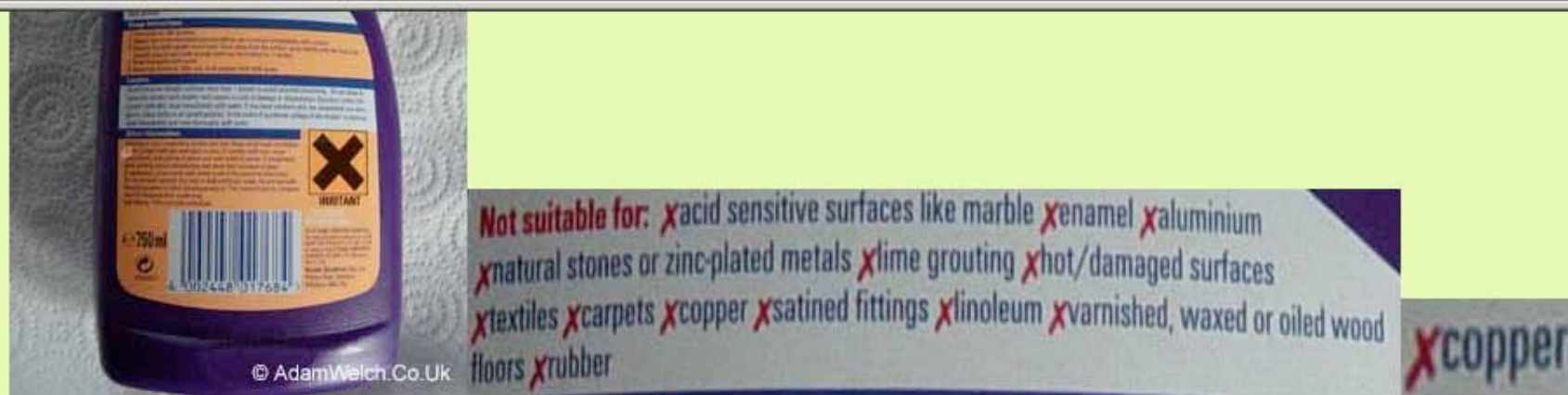
What the hell? So hold on a minute, the advert shows you something it's **NOT** suitable for? I have just recreated the advert to find out you **SHOULDN'T** do it! The advert only has a chance to destroy that one penny. I've put £20.27 into this stuff!

BARRY SCOTT IS A LIAR!

So what is going to happen to my coinage? Is it all going to disintegrate and disappear? Will it go see-through? Or worst or all, spontaneously spring to life and roll down a drain?   But the glass doesn't have to be half empty does it? Perhaps they will all change into pound coins.

Answer; Basically they all got a bit tarnished again, and seemed to loose their shine.

Quantifying the impact

Nearly 40% of consumers **STRONGLY AGREE** (a further 40% slightly agree) that if they saw a negative review online about a product/service they would think twice about buying it

"If there was a hundred reviews out there on a product, they're not all going to be nutcases and they're not all going to be murderers … If a hundred people are saying 'This product is crap' it's going to be pretty bad and enough people are saying 'This product is really good' it's got to be pretty good"

Relationship with online information

Crisis/reputation management
Dell

- "The blog team at Dell has done an impressive job. They've ….addressed shipping delays for their XPS 700 model; a high-profile processor issue for Chinese customers with a post in both English and Chinese".

http://jeffbeckham.com/

- And there are now customer service people assigned to respond to bloggers
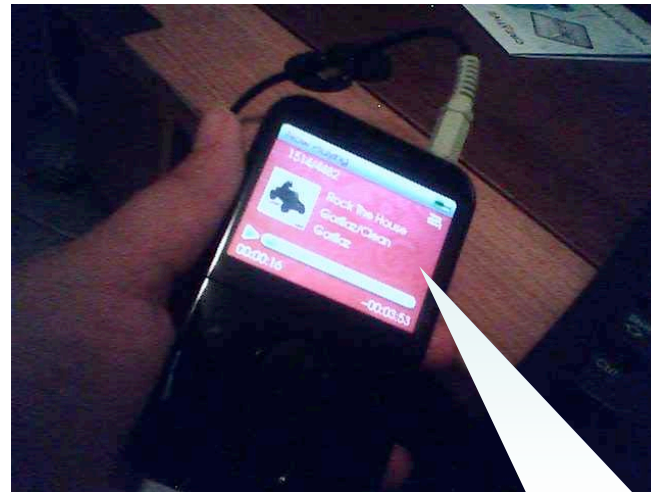
Creative Zen Vision: M 30-Gig mp3 player; blogger names the player "Blain"

"So John Blain, whoever has sent you on this quest of finding unhappy Dell customers is a a wonderful person".

Resolving the Gap

Countering 'Perfect' Information: Evaluating Brand New World 1 (off-site) Strategies

- Off-site communication strategies
- On-site engagement

Evaluating Brand New World I Strategies

Easily accessible comparative information

Counter or exploit information at source
Monitor blogs, set up product discussion sites

Satisfy consumer appetite for all sorts of information – including commercial information
Email marketing, advertising, promotions, full commercial transparency online

Harness the trustworthiness of online information sources
Align with major digital players

Evaluating *off*-site strategies: The role of advertising

"The Classic Branding Model is based on a tightly controlled approach and, particularly for product-based brands assumes consumers to be passive recipients of value"

De Chernatony, L "Succeeding with brands on the internet" Brand Management, 2001

What do blogs, RSS and search engines have in common?

"…They require marketers to give up a degree of control"

Source: The Holistic Web, http://www.useyourweb.com/blog/

Response to Online Advertising

Q: Have you clicked on an online advertisement in the last 12 months? (SC)

48% **51%**

■ **Yes** ■ **No** ■ **Don't Know**

To put that in context…

19% of UK online consumers have clicked on a ad in the last 12 months

Evaluating Brand New World I Strategies

Response to online advertising for {Name} website (research and purchase)

Q: Have you seen any online advertising for (NAME) in the last 6 months? (SC)

59% 38%
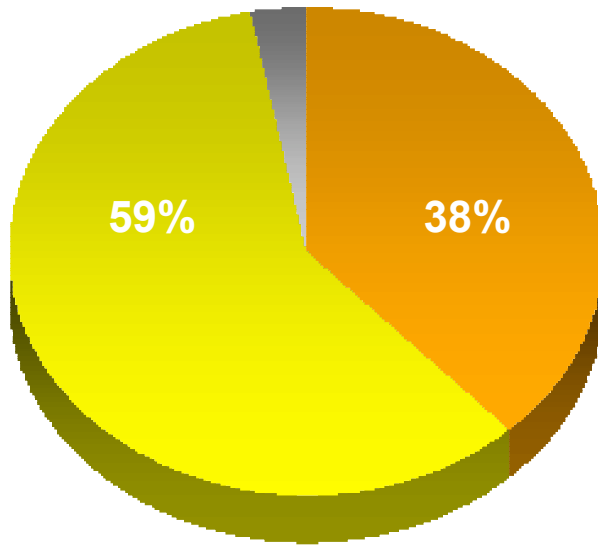
Yes ■ No ■ Don't Know

Base: All researched product online in L6M (870)

Q: Have you seen any online advertising for (NAME) in the last 6 months? (SC)

51% 47%
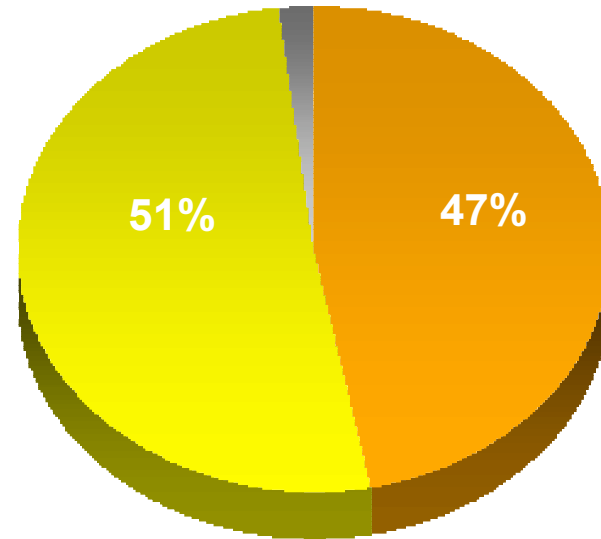
Yes ■ No ■ Don't Know

Base: All purchased product online in L6M (870)

Evaluating Brand New World I Strategies

Reasons for advertising response

Q: Thinking about the advertisement(s) that you clicked on, which of these explain why you did so? (MC)

Reason	Percentage
Relevant to needs at time	86%
Find a website or product of interest	79%
Relevant to information reading at the time	78%
Offered a promotional deal/price/special offer	68%
It was creative/funny	40%
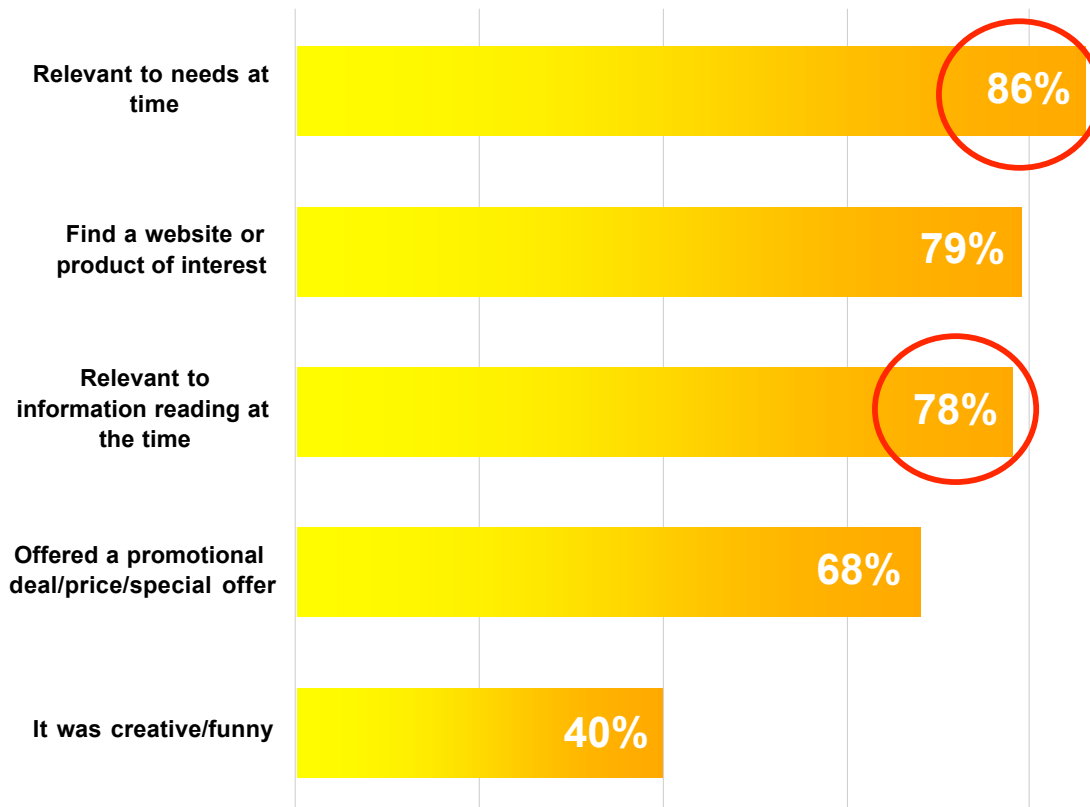
37% of consumers use ads to navigate their way around the web

The young are as inclined as the very old (65+) to do this. **45%** of 15-24 year agree that they use ads to find their way around

Base: All who have clicked on an online ad in the last 6 months (494)

Source: Brand New World II
Cranfield School of Management/Henley Centre/AOL 2006

Attitudes to advertising

`If I am actually reading the page and the advert is there, maybe a banner on the page, then, yes, I am more likely to trust it and more likely to click through. Actually come to think of it I've got an Internet Bank account.. And I saw that and I clicked through and now I bank with them"

Q: But did it make a difference where you saw the advert?

"I think it would because there are some sites… They seem like here today, gone tomorrow
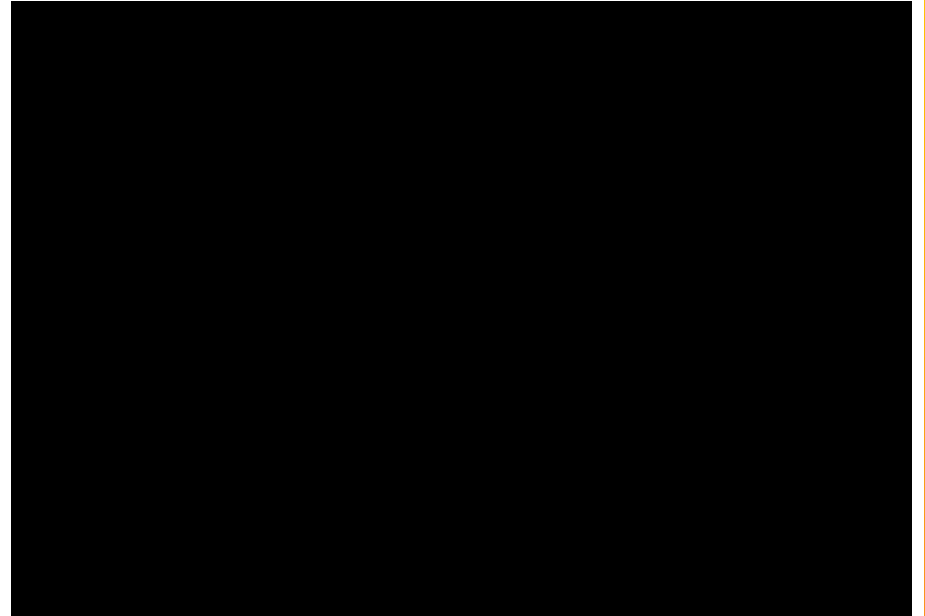
56% agree that they tend to trust ads on sites that they consider trustworthy

Summary: Advertising

- Consumers who research and purchase online are extremely **responsive** to online advertising

- They are also extremely responsive to online advertising for the [name] websites they use; suggesting some sort of **reinforcement process** – advertising sensitises them to the website; the website heightens awareness of the advertisement

- These consumers are in **"utility" mode** and pay more attention and respond to advertisements that cater to this

- Ads are not only messages, they are also **navigational signposts,** particularly for younger consumers. This may suggest that younger consumers see them more as an essential part of their informational armoury

Evaluating Brand New World I Strategies

Evaluating off-site strategies:
Role of email marketing, newsletters…

"Spam now accounts for 31% of the email in consumers' inboxes [down from 44% in 2003]….overall volume of email in consumers' inboxes remains relatively flat**… the average Marketer must graduate from broadcasting marketing practices to relevant relationship driven communications"**

Source: Jupiter Research: Anatomy of the Inbox, July 2005

Consumers do sign up…

If I give my permission, I am happy to have information emailed to me about products and services
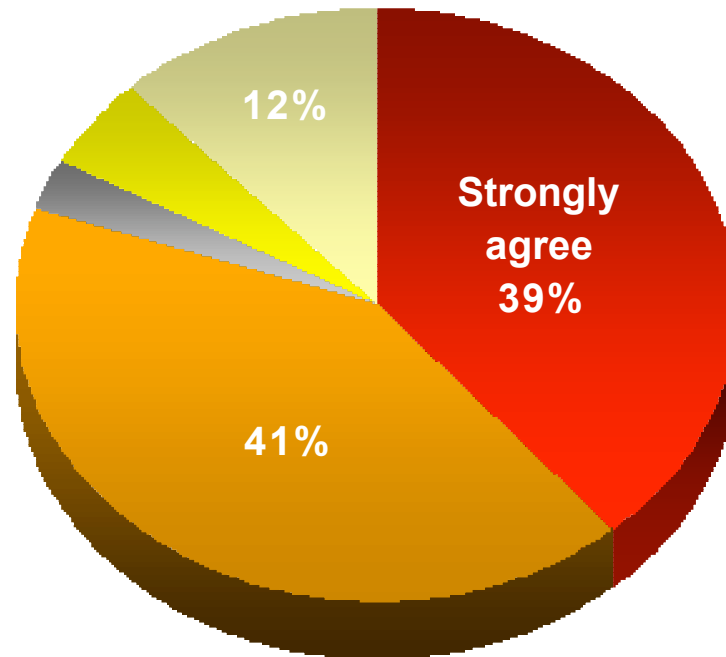
Legend:
- Strongly agree
- Slightly agree
- Neither agree nor disagree
- Slightly disagree
- Strongly disagree

Pie chart values:
- Strongly agree 39%
- 41%
- 12%

Evaluating Brand New World I Strategies

…But most are extremely disappointed

54% of consumers STRONGLY AGREE that they regard most of the most commercial newsletters they receive as **JUNK MAIL**

48% of them also strongly agree that they find newsletters they receive are **NOT RELEVANT** to their needs

Evaluating Brand New World I Strategies
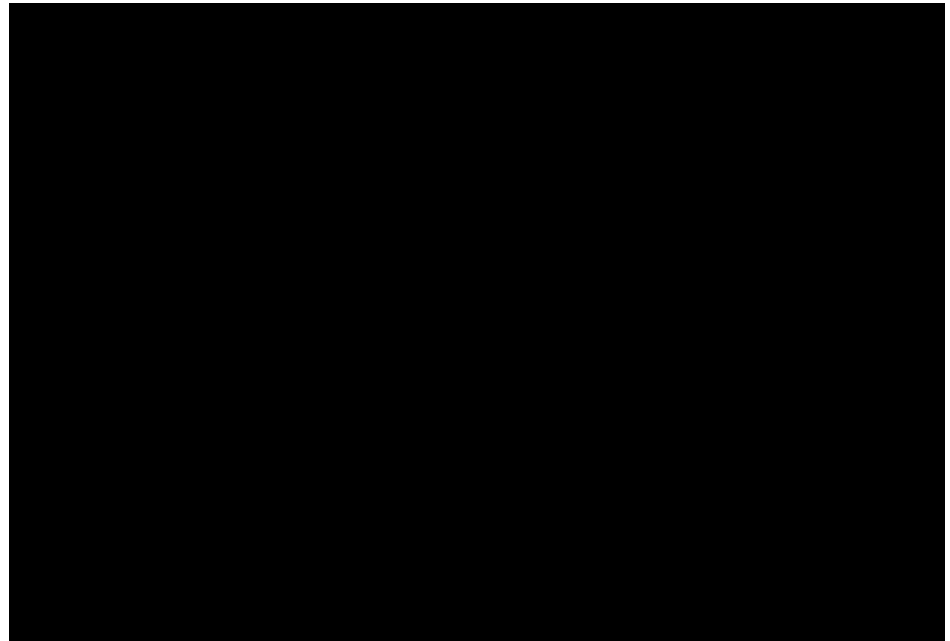
Summary: Email marketing, Newsletters

- A majority of consumers who research and purchase online are, *if permission is sought, happy to sign up*

- External evidence suggests that consumer have a *finite capacity* for the volume of email they are prepared to receive

- A substantial majority regard the information they are sent *as not relevant to their needs* and *over half have* *a strongly negative reaction*, *regarding it as junk mail*

- Given the information sensitivity of these consumers, this is an *opportunity wasted*

Resolving the Gap:
On-site strategies

"What the marketing people are doing does not fit my needs, so I will create my own social networks. I will create my own activities; I will create my own blogs; I will create my own websites; I will create my own everything, because I cannot get satisfaction, or I cannot get the kind of service, or the kind of things I want from the marketing organization the way it exists today.

Don E Shultz, Emeritus Professor Northwestern University
http://www.imediaconnection.com/content/11462.asp

Brand New World 2:
Study Rationale, Objectives, Hypothesis and Exploratory Model

Exploring the key website drivers of online consumer experience and engagement and their relationship to brand trust and brand loyalty

Cranfield
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HenleyCentreHeadlightVision

Academic Contribution: Glen Urban

- Build Trust

  "Instead of a monologue, they (companies) are establishing a dialogue with their customers and are advocating for their needs"
  Urban, 2004

- Create Transparency

The Growth of Consumer Power

Urban, G "The Emerging Era of Customer Advocacy" Sloan Management Review, 2004

The Vulnerability of Marketing "Push"

Customer Advocacy
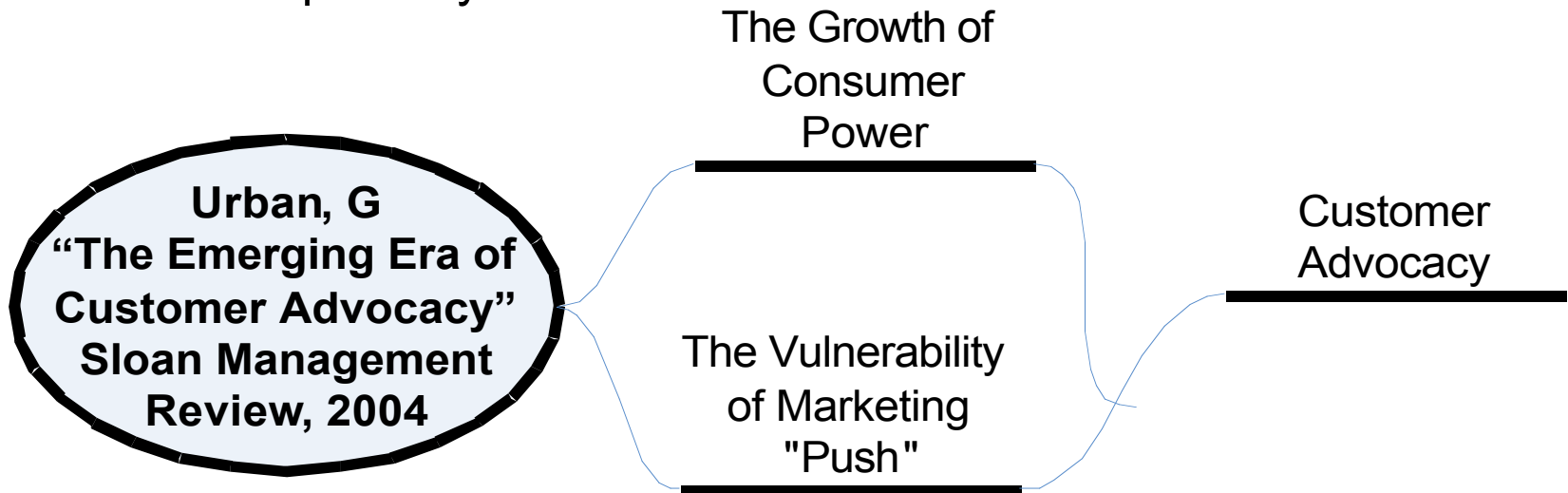
Academic Contribution: Reicheld

- "The only path to profitable growth may lie in a company's ability to get its loyal customers to become, in effect, its marketing department"
  Reichheld, 2003

- "We surveyed 362 firms and found that 80% believed that they delivered a "superior" experience to their customers…When we asked customers about their own perceptions, we found that they rated only 8% of companies as truly delivering a superior experience"
  Reichheld, 2005

Reichheld, F "The One Number You Need to Grow" HBR, 2003

The Importance of Loyalty

Relationship between Loyalty and Growth

Relationship between Loyalty and Profitability

Existing Metrics Flawed in terms of Methodology and Operations

More reliable indicators are "Promoters"

Net Promoter Score Score: % customers (Promoters) recommending the company minus % customers urging friends to stay away (Detractors)

Median Net Promoter Score: 16% (400 companies, 28 industries, 2001)

Business Leaders: NPS: 75-80% (Amazon, Ebay)

Academic Contribution: Bart, Shankar, Sultan & Urban

Drivers of Online Trust

Privacy
Security
Navigation and Presentation
Brand strength
Advice
Order Fulfilment
Community Features
Absence of Errors

Familiarity with Website
Internet Expertise
Internet Shopping Experience
Online entertainment or Chat experience
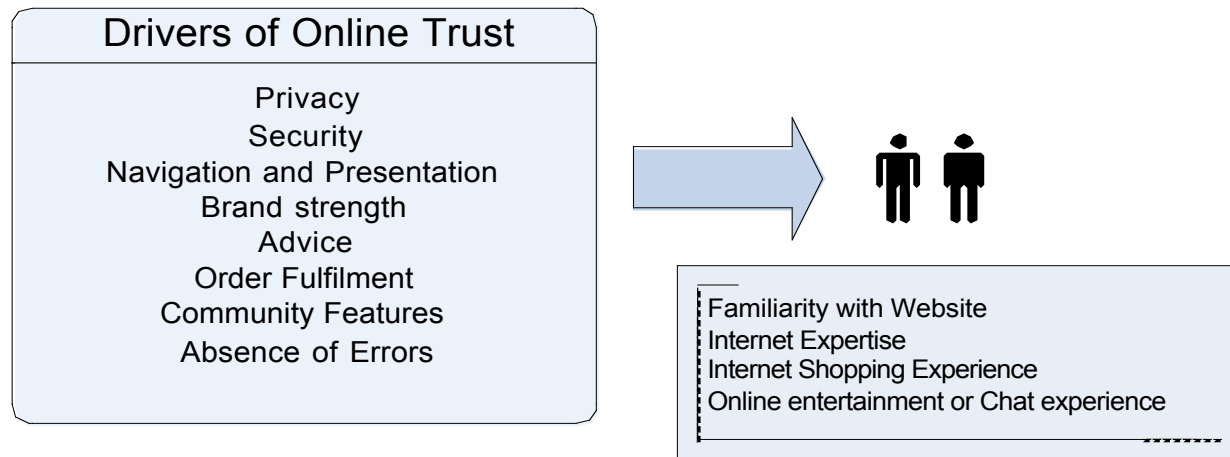
- Bart, Shankar, Sultan and Urban "Are the Drivers and Role of Online Trust the same for All Web Sites and Consumers?" *Journal of Marketing, 2005*

- Results of the study show that the generation of online trust is different across site categories and consumer segments

Academic Contribution: London School of Economics

• Companies enjoying higher Net Promoter Scores grew faster than their competitors in 2003/04

• In terms of percentage growth, a 7%pt growth in advocacy corresponded with a 1% pt increase in growth rate

• As an average, each percentage increase in NPS led to an £8.8m increase in Sales

•Whilst a 1%pt decrease in negative WOM led to an increase of £24m in sales

• Suggested 8 mechanisms for increasing advocacy

Trust and Consumer Engagement

- Following Urban's approach, companies have to *earn trust and loyalty:* they can do this by *'emulating'* the openness of the internet and engaging the consumer

- Consumer engagement can be achieved by not only *reactively countering information flows* but by *proactively* directing certain online operational levers

- There is a relationship between *consumer engagement* and *brand trust and brand loyalty*

Research Value Chain

| Online drivers of brand trust, brand loyalty and brand advocacy | Relative importance of individual drivers | The variation of the drivers by consumer demographic and product category | A resource and planning framework for competitive advantage |

Drivers of Engagement

BRAND **Customer advocacy** **Engagement** **Reputation**	**WEB** **Navigation** **Personalisation** **Interactivity**
MARKETING **Advertising** **Email** **Newsletter** **Promotions**	**RETAIL** **Service: Privacy,** **Security, Delivery,** **Transparency** **Value for Money**

Here's one we built earlier

STIMULUS

CONSUMER

RESPONSE

BRAND

WEB

RETAIL

MARKETING COMMUNICATION

TRUST

SATISFACTION

LOYALTY COMMITTMENT

INTENT TO PURCHASE

CONSUMER ADVOCACY

Attitudinal

Behavioural

Brand New World II Study Rationale
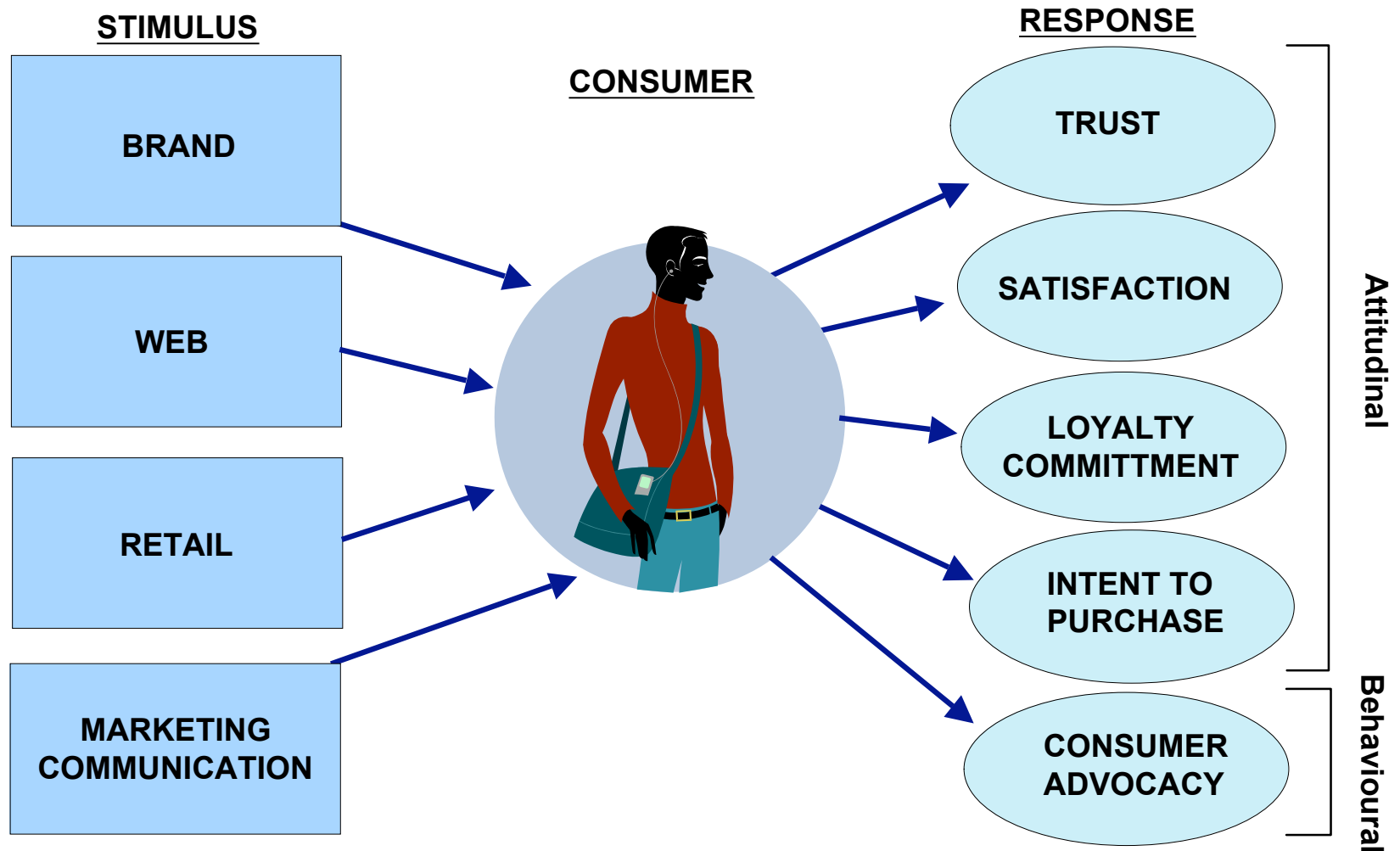
A quick recap…

- So far we have:
  - Looked at how we developed our framework from BNW1 to BNW2
  - Evaluated the *off*-site findings of Brand New World 2 such as Reputation management, advertising & newsletters

- Now we're going to turn our attention to the *modelling* which will:
  - Cluster together statements into drivers of *on*-site performance and how we might benchmark them
  - Finally bring together both on & off-site drivers into a framework that weighs the contribution of the levers to trust, loyalty & advocacy and the relative importance of those drivers/levers to each other

Assessing current performance

Website impact, benchmarking, net advocacy score, overall experience

Most memorable sites

Number of mentions - Web sites used to research			
Amazon	94	Sainsbury's	10
Tesco	52	Carphone Warehouse	8
Comet	33	Ebuyer	8
Currys	28	PC World	7
Dell	25	Ford	7
Sony	25	Ebay	7
Nokia	23	Game	6
Play	21	Thomsons	6
Asda	19	Virgin	6
Kelkoo	15	Barclays	6
O2	15	Lloyds	6
Autotrader	13	Halifax	6
Argos	13	Which	5
Boots	12	Expedia	5
Apple	11	Ryanair	5
Orange	11	British Airways	5
Easyjet	10	Samsung	5
Norwich Union	10	Motorola	5
		Other Answers	335

Number of mentions - Web sites purchased from			
Amazon	83	Dabs	6
Tesco	59	Dixons	6
Comet	21	Game	6
Orange	19	Carphone Warehouse	6
Asda	15	Ebay	5
Currys	14	Churchill	5
O2	12	John Lewis	5
Expedia	11	Halifax	4
Play	10	Easyjet	4
Virgin	10	Eurotunnel	4
Argos	9	Direct Line	4
Play.com	9	Norwich Union	4
Ebuyer	8	Serif	3
Ryanair	8	LX Direct	3
PC World	8	Ebookers	3
Dell	7	Cahoot	2
Sainsbury's	7	British Airways	2
Dialaphone	7	National Express	2
Autotrader	7	Capital One	2
Boots	7	Other Answers	233

Assessing current performance

Impact of website

45% *Strongly Agree* that if a company has a poor website it affects their opinion of the company

61% *Strongly Agree* that if they have a poor experience online at a commercial website , I am less inclined to buy from that company

Recording based on original qualitative transcripts

Assessing current performance

Impact of website

45% *Strongly Agree* that if a company has a poor website it affects their opinion of the company

61% *Strongly Agree* that if they have a poor experience online at a commercial website , I am less inclined to buy from that company

Assessing current performance
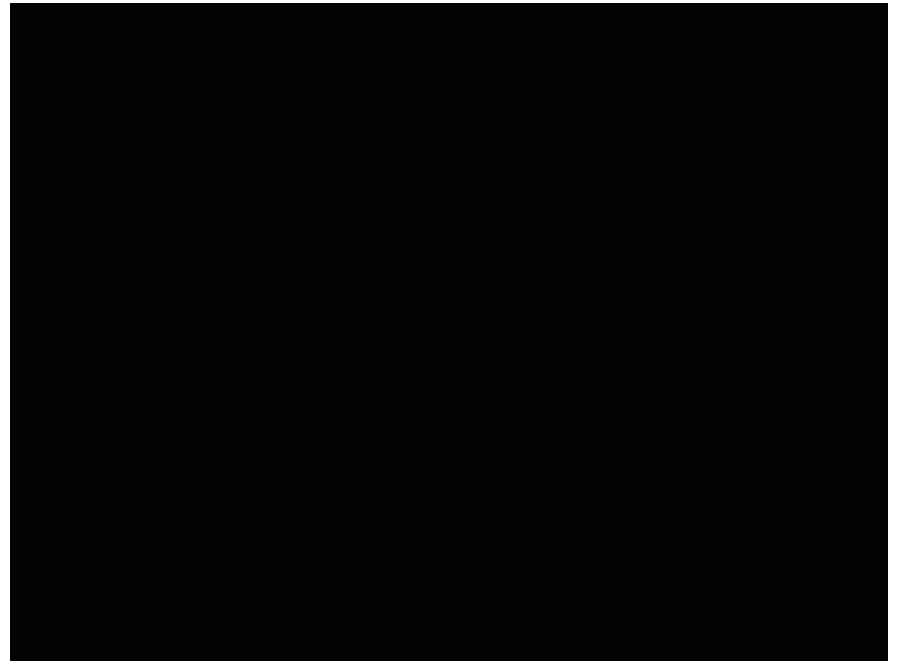
A good experience is also influential

38% Strongly Agree (35% Slightly Agree) that if they find a good retailer site, I am more inclined to stick with it, even if its prices are not the lowest

Assessing current performance

Overall online experience of researchers and purchasers

Benchmarking - Use "Strongly Agree" as a measure in order to avoid grade inflation *"in which someone a molecule north of neutral is considered satisfied!"*

Source: Reichheld, F: "The one number you need to grow" Harvard Business Review, December 2003

Average rating (Strongly Agree) : **40%** (research) and **45%** (purchase)

"Competent/Competitive" rating; >**40/45**

Good >**60**

Very good, digital leadership >**75**

Net advocacy score: Purchasers

% who strongly agreed that they would recommend the site to others

Pie chart segments:
- Strongly agree 49%
- 35%
- 8%
- 4%
- 4%

Legend:
- Strongly agree
- Slightly agree
- Neither agree nor disagree
- Slightly disagree
- Strongly disagree
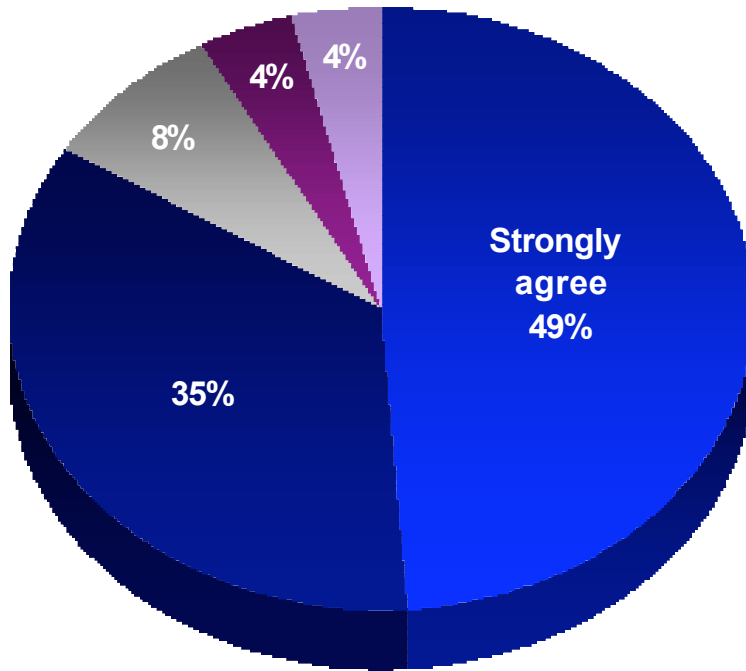
Brand New World II Net Advocacy Score:

% Strongly Agree Recommend **(49%)** less % Strongly Disagree Recommend **(4%)** = **45%**

Consumers' (researchers) response to the overall website experience

Q: Thinking about (NAME) web site, how strongly do you agree or disagree with the following statements?
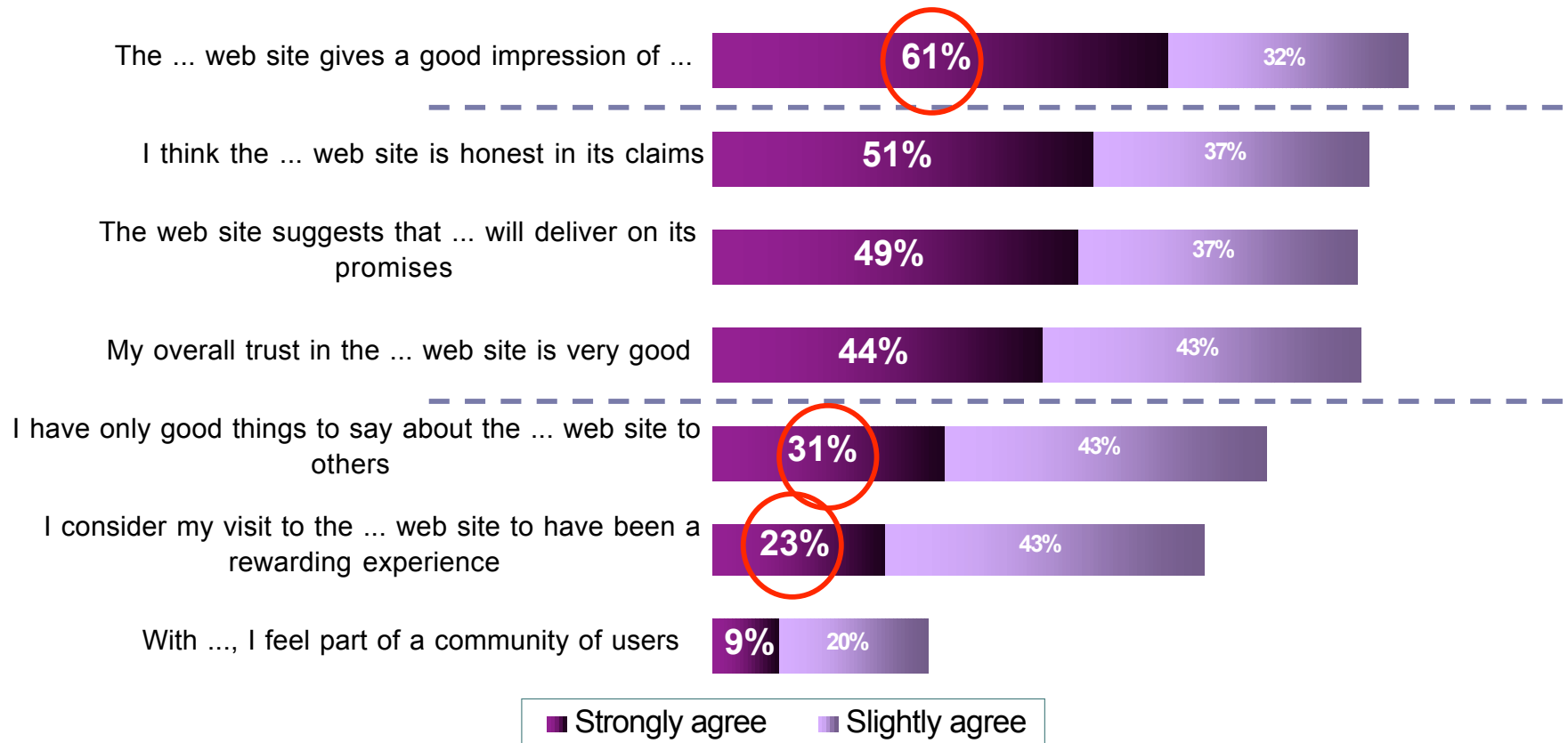
The ... web site gives a good impression of ... **61%** | 32%

I think the ... web site is honest in its claims **51%** | 37%

The web site suggests that ... will deliver on its promises **49%** | 37%

My overall trust in the ... web site is very good **44%** | 43%

I have only good things to say about the ... web site to others **31%** | 43%

I consider my visit to the ... web site to have been a rewarding experience **23%** | 43%

With ..., I feel part of a community of users **9%** | 20%

■ Strongly agree ■ Slightly agree

Assessing current performance

Key Website Drivers of Consumer Experience and Engagement

Research and Purchase

Engagement

"Engagement is turning on a prospect to a brand idea enhanced by the surrounding context."

ARF, 2006 www.arfsite.org/about/news/2006-04-04clickz.html

We often look at engagement in how people are behaving, and we look for behavior in media and on Web sites,… that's often a good reflection of how people react with the brand."

Lee Sherman, Avenue A/Razorfish, Clickz, April 26, 2006

"Gallup's research suggests that for all kinds of companies, fully engaged customers - those who score in roughly the upper 15-20 percent on Gallup's measure of emotional engagement - deliver a 23 percent premium over the average customer in terms of share of wallet, profitability, revenue and relationship growth."

"Measure engagement not satisfaction", Jul 13, 2006
www.imediaconnection.com

Researchers

STIMULUS

PREDICTOR VARIABLES

CONSUMER

RESPONSE

BRAND

WEB

MAR-COMMS

CLARITY USABILITY

EXPERIENCE ENGAGEMENT ENJOYMENT

PRIVACY INTEGRITY

COMPARISON CUSTOMISATION

MARKETING COMMUNICATIONS

MARKETING UTILITY

TRUST

SATISFACTION

LOYALTY COMMITTMENT

INTENT TO PURCHASE

CONSUMER ADVOCACY

Attitudinal

Behavioural

Purchasers

STIMULUS

PREDICTOR VARIABLES

CONSUMER

RESPONSE

BRAND

WEB

RETAIL

MAR-COMMS

CLARITY USABILITY ENGAGEMENT

COMPARISONS & CUSTOMIZATION

EASE OF TRANSACTION

PRIVACY SECURITY & INTEGRITY

MARKETING COMMUNICATIONS

CONTACT ADVERTISING/ CUST CARE

ADVERTISING UTILITY

TRUST

SATISFACTION

LOYALTY COMMITTMENT

INTENT TO PURCHASE

CONSUMER ADVOCACY

Attitudinal

Behavioural

Source: Brand New World II
Cranfield School of Management/Henley Centre/AOL 2006

Importance: Clarity, relevance and usability

Contribution to brand trust

30%

Contribution to brand advocacy

30%

All figures refer to percentage contribution to the model Consumers who research online

Drivers of consumer engagement

Clarity, relevance and usability

Researcher **_Purchaser_**

The (NAME) web site is easy to use
65% 29% **63%** 30%

The layout of the (NAME) web site is clear
60% 33% **57%** 33%

The information on the (NAME) web site is relevant to my needs
53% 41% **55%** 39%

Everything I need to know about buying a product is clearly communicated to me on the (NAME) web site
45% 40% **50%** 38%

■ Strongly agree ■ Slightly agree
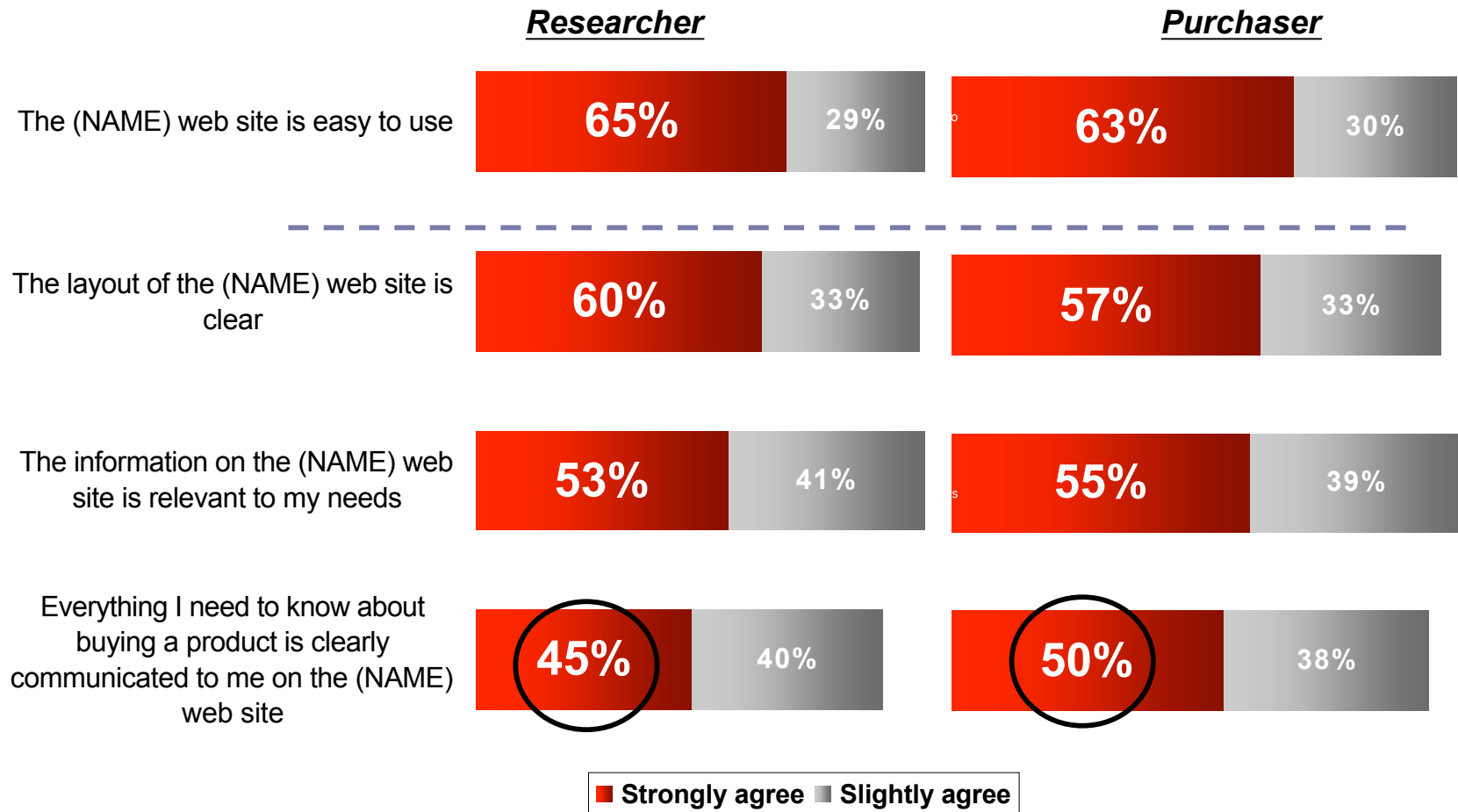
Base: All researched online in L6M and recall sites used to research on (870)
Base: All purchased online in L6M and recall sites used to purchase on (619),
Source: Brand New World II
Cranfield School of Management/Henley Centre/AOL 2006

Clarity, relevance and usability

Online Impact:
Information transparency *leading* to an information-sensitised, more exacting consumer.

Consumer Need:
Satisfy demand without delay: "Search, Find Obtain"

Marketing Response:

Site is free of errors

Navigational clarity

Information is relevant, comprehensive and simple/fast to extract

Engagement and enjoyment

Contribution to brand trust
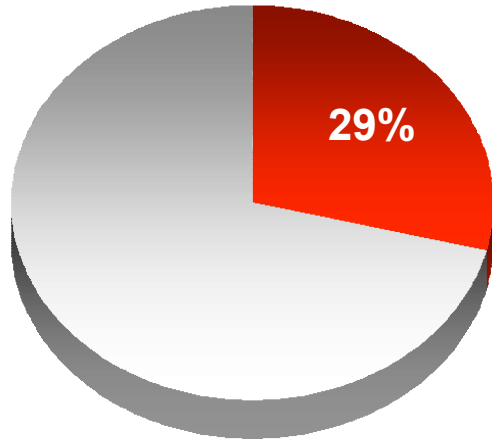
29%

Contribution to brand advocacy

28%
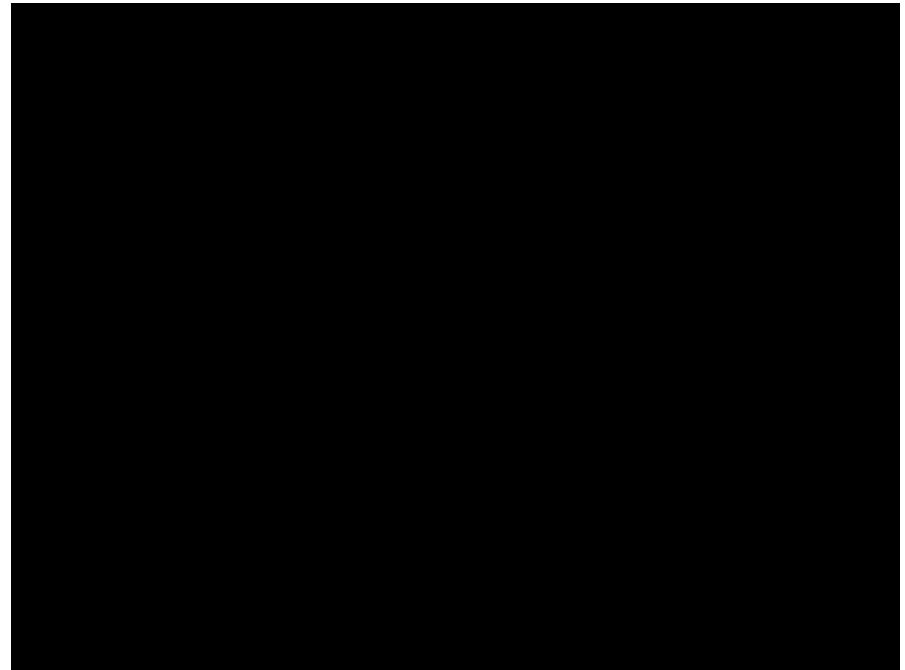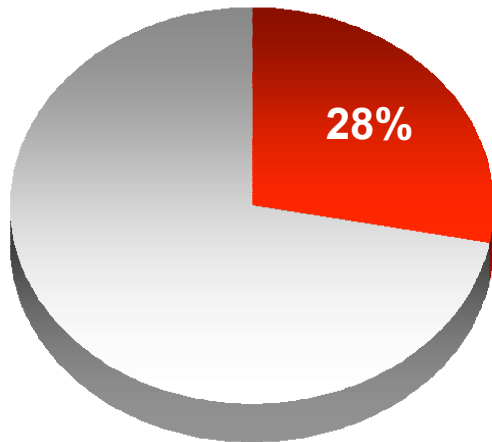
All figures refer to percentage contribution to the model Consumers who research online

Source: Brand New World II
Cranfield School of Management/Henley Centre/AOL 2006

Drivers of consumer engagement

Engagement & enjoyment

	Researcher	**Purchaser**

The (BRAND) web site allows me to communicate easily with the company …….

Researcher: **32%** 31%
Purchaser: **40%** 31%

The (BRAND) web site gives me a 'real' feel for the product(s)

Researcher: **28%** 41%
Purchaser: **28%** 42%

Interacting with the (BRAND) web site is an enjoyable experience

Researcher: **16%** 37%
Purchaser: **19%** 38%

I find the (BRAND) web site really 'engaging'

Researcher: **14%** 33%
Purchaser: **15%** 33%

■ **Strongly agree** ■ **Slightly agree**

Drivers of consumer engagement

Engagement and enjoyment

Online Impact:

Heightened *communication* with *empowered* consumers. Peer to peer exchanges and social networking challenges existing authorities

Consumer Need:

Consumers *expect* interactivity, but *require dialogue not "push".* Consumers need to be engaged and/or entertained

Marketing Response:

Create design that is visually/aurally stimulating

Heighten brand involvement (real feel for product)

Ensure visit is entertaining or at least useful/rewarding

Facilitate communication with company

Drivers of consumer engagement

Comparisons and customisation

Contribution to brand trust

8%

Contribution to brand advocacy

15%

All figures refer to percentage contribution to the model Consumers who research online

Drivers of consumer engagement

Comparison & customisation

	Researcher	**_Purchaser_**

The products on the (NAME) web site can be easily compared — Researcher: **38%** | 37% — Purchaser: **40%** | 32%

The (NAME) web site allows me to access consumer or expert opinions about the products featured — Researcher: **21%** | 34% — Purchaser: **21%** | 27%

The (NAME) web site can be personalized to suit my needs — Researcher: **10%** | 25% — Purchaser: **13%** | 20%

Did the (NAME) web site allow you to give feedback…. (% yes) — Researcher: **50%** — Purchaser: **50%**

Did the (NAME) web site ask you questions to find out your needs and preferences? (% yes) — Researcher: **31%** — Purchaser: **22%**

■ Strongly agree ■ Slightly agree

Drivers of consumer engagement

Comparison & customisation

Online Impact:

Unlimited opportunities for comparison; technology supporting *personalisation* and *behavioural targeting*

Consumer Need:

Greater opportunity for *self-expression*; consumers appreciate personalisation, comparison and customisation

Marketing Response:

Support the comparison of prices, product features, competitor products

Provide consumer or expert reviews

Respond to personal needs and preferences

Allow feedback

Involve consumers in 'co-creation'

Drivers of consumer engagement

Privacy and Integrity

Contribution to brand trust

26%

Contribution to brand advocacy

21%

All figures refer to percentage contribution to the model Consumers who research online

Drivers of consumer engagement

Privacy & integrity

	Researcher		**_Purchaser_**	

I trust the (NAME) web site to not share my details with other companies

Researcher: **65%** 29%
Purchaser: **59%** 30%

I trust the (NAME) web site to keep my personal information private

Researcher: **59%** 28%
Purchaser: **56%** 29%

I feel I can rely on the (NAME) web site to make false claims about the product
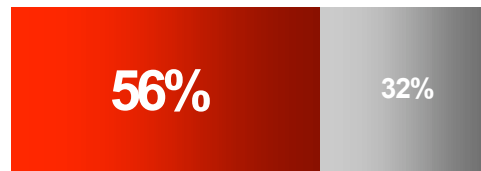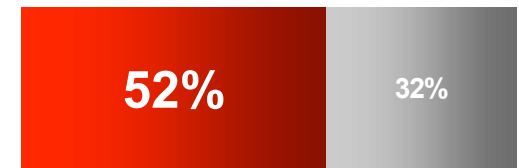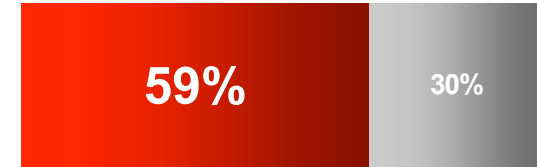
Researcher: **56%** 32%
Purchaser: **52%** 32%

■ Strongly agree ▨ Slightly agree

Drivers of consumer engagement

Privacy & integrity

Online Impact:

Security is always an issue

Consumer Need:

Consumers expect companies to be vigilant, to be "guardians" of their personal data. Privacy/Security standards are the *minimum hygiene factors* needed to transact

Marketing Response:

Clear transparent privacy, security policies

Vigilance and prompt response in case of breach

Respect for the consumer

Retail / Ease of transaction

Contribution to brand trust
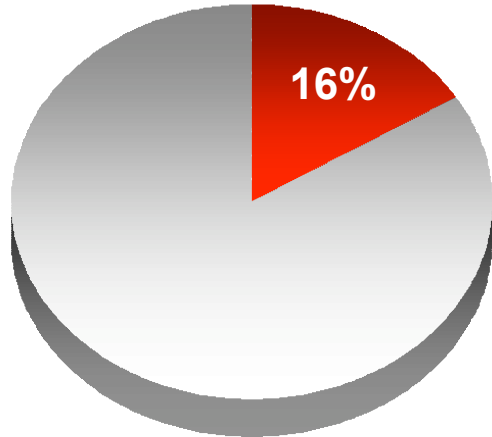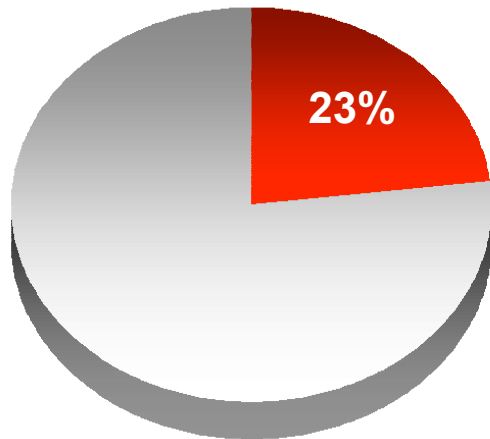
16%

Contribution to brand advocacy

23%

Drivers of consumer engagement

Retail / Ease of transaction

Purchaser

Statement	Strongly agree	Slightly agree
Delivery prices are clear and the prices are easy to understand	73%	21%
It's very easy to order and pay for the products on the (NAME) web site	67%	26%
I am happy to give my credit card information to the (NAME) web site	61%	31%
If there is a problem I can contact (NAME) in a number of ways, such as over the telephone, by mail or in the store	61%	24%
I feel confident that when my order turns up it will be exactly as represented on the (BRAND) web site	59%	29%
The (NAME) web site tells me immediately if something is out of stock	57%	17%
If things go wrong with my order I am confident that (NAME) will deal with me fairly	55%	29%
Once an order is placed it's easy to track it online	46%	22%
The (NAME) web site can recommend products based on my past purchases on the web site	24%	25%

■ Strongly agree ■ Slightly agree

Drivers of consumer engagement

Retail / Ease of transaction

Online Impact

Increased choice, sites open 24/7, *differentiation increasingly reliant on service quality* dissatisfaction published globally

Consumer Need:

Consumers are more exacting, more inclined to *punish poor service;* generally "harder to please"

Marketing Response:

Service Quality hygiene factors:

Clear delivery prices

Order tracking, stock availability, reliable representation of goods, transaction notification

Simple ordering and payment

Equitable redress if needs not met

Marketing communications
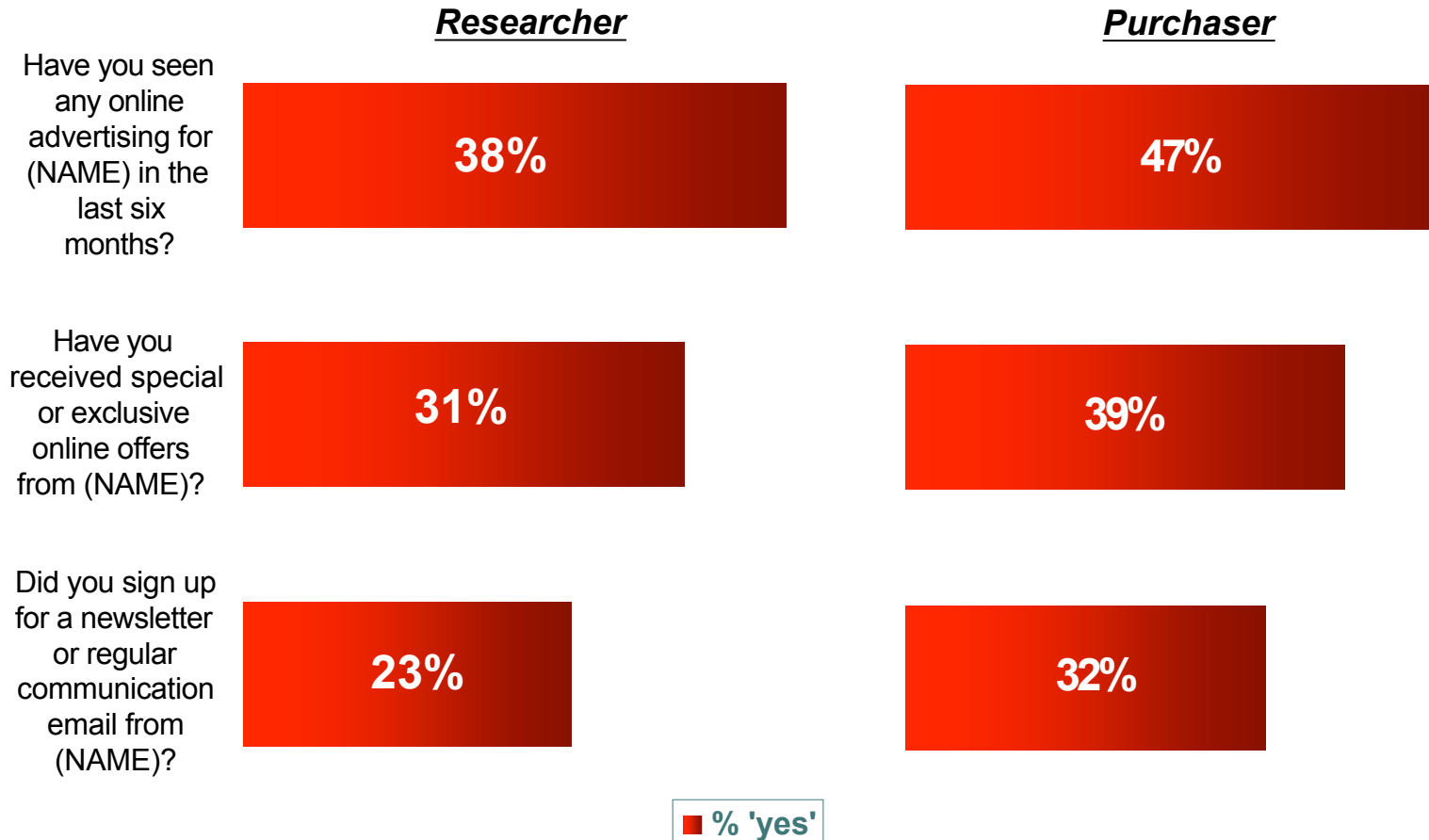
	Researcher	**_Purchaser_**
Have you seen any online advertising for (NAME) in the last six months?	38%	47%
Have you received special or exclusive online offers from (NAME)?	31%	39%
Did you sign up for a newsletter or regular communication email from (NAME)?	23%	32%

■ % 'yes'

Drivers of consumer engagement

Marketing communications

A significant driver of intention to purchase (16%) brand loyalty (9%) and advocacy (6%)

Drivers of consumer engagement

Marketing Utility

- 41% of researchers and 36% of purchasers had clicked on advertising for the {name} site

- About 15% of researchers and purchasers had found games, puzzles and downloads on the site

- Only 28% of purchasers and a mere 16% of researchers found the newsletter for the {name} site useful

- Marketing Utility is a significant driver of brand trust,(7%) and brand loyalty (9%)

Drivers of consumer engagement

UK websites: Summary

- The websites did well technically, less well on the overall consumer experience

- The consumer approach is still "one size fits all". Customisation or personalisation of experience is rare

- Rather than talk to their customers, most websites push information at consumers rather than talk to them. Information that is mostly regarded as irrelevant

- However, even small improvements in the experience offered to consumers will lead to significant improvements in brand trust, loyalty and consumer advocacy

Gaining Competitive Advantage Online

Quantifying the relationship between online operational drivers and brand trust and brand loyalty

Cranfield UNIVERSITY
School of Management

HenleyCentreHeadlightVision

AOL

Original Model

STIMULUS

BRAND

WEB

RETAIL

MARKETING COMMUNICATION

CONSUMER

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CONSUMER ADVOCACY

Attitudinal

Behavioural

Gaining competitive advantage online

CLARITY & USABILITY
0.38 (30%)
0.32 (36%)
0.25 (19%)
0.36 (30%)

ENGAGEMENT & ENJOYMENT
0.36 (29%)
0.25 (27%)
0.32 (24%)
0.35 (28%)

PRIVACY & TRUST
0.32 (26%)
0.19 (21%)
0.31 (24%)
0.25 (21%)

COMPARISON & CUSTOMISATION
0.10 (8%)
Non sign
0.20 (15%)
0.19 (15%)

MARKETING COMMUNICATIONS
non sign
0.14 (16%)
0.12 (9%)
0.07 (6%)

MARKETING UTILITY
0.08 (7%)
Non sign
0.11 (9%)
non sign

BRAND TRUST
(39%*)

INTENTION TO
PURCHASE BRAND
(22%)

BRAND LOYALTY
(33%)

BRAND ADVOCACY
(35%)

RESEARCH: Estimating the Impact

*% of variance explai

PURCHASE: Estimating the Impact of % variance explained

CLARITY, USABILITY & ENGAGEMENT
0.48 (26%)
0.42 (35%)
0.42 (24%)
0.45 (33%)

COMPARISONS AND CUSTOMISATION
0.19 (11%)
0.09 (8%)
0.18 (10%)
0.15 (11%)

EASE OF TRANSACTION
0.29 (16%)
0.21 (17%)
0.24 (14%)
0.32 (23%)

PRIVACY SECURITY INTEGRITY
0.37 (21%)
0.23 (19%)
0.32 (18%)
0.23 (17%)

MARKETINGCOMMUNICATION/OFFERS
0.09 (5%)
0.08 (6%)
0.16 (9%)
non sign

CONTACT ADVERTISING CUST. CARE
0.28 (15%)
0.17 (14%)
0.25 (14%)
0.23 (17%)

UTILITY
0.10 (6%)
non sign
0.19 (11%)
non sign

BRAND TRUST (60%*)

INTENTION TO PURCHASE BRAND (34%)

BRAND LOYALTY (50%)

BRAND ADVOCACY (48%)

Gaining competitive advantage online

Source: Cranfield School of Management/Henley Centre/AOL Brand New World II - 2006

*% of variance explained

Brand trust contribution (Purchase)

Trust Variance

60%

Predictor variables together contribute up to 60% of overall brand trust

Pie chart labels:
- Clarity usability and engagement 26%
- Marcomms 26%
- Privacy security integrity 21%
- Ease of transaction 16%
- Comparison & customisation 11%

Gaining competitive advantage online

Brand trust contribution (Research)

Clarity usability
30%

Marcomms
7%

Privacy security
integrity
26%

Engagement &
Enjoyment
29%

Comparison &
customisation
8%

Trust Variance

39%

Predictor variables
together contribute up
to 60% of overall
brand trust

Gaining competitive advantage online

Brand advocacy contribution (Purchase)

Advocacy Variance

Contact advertising customer care 16%

Clarity usability and engagement 26%

Privacy security integrity 21%

Comparison & customisation 11%

Ease of transaction 24%

48%

Predictor variables together contribute up to 48% of overall brand advocacy

Gaining competitive advantage online

Brand advocacy contribution (Research)

Advocacy Variance

Clarity usability
30%

Marcomms
6%

Privacy security
integrity
21%

Engagement &
Enjoyment
28%

Comparison &
customisation
15%

35%

Predictor variables
together contribute up
to 48% of overall
brand advocacy

Gaining competitive advantage online

Outputs

- **TRUST**
  - I consider [+vweb+] to have a good reputation
  - I feel reassured about the quality of [+vweb+]
  - I trust the brand [+vweb+]
- **LOYALTY (AFFECTIVE COMMITMENT)**
  - I feel I have a good relationship with [+vweb+]
  - With [+vweb+], I feel part of a community of users
  - I consider the [+vweb+] web site to be the best in its field
  - I consider myself a loyal customer of [+vweb+]
  - I feel that [+vweb+] really cares about me as a customer

- **WOM/ADVOCACY**
  - I have only good things to say about [+vweb+] to others
- **PURCHASE INTENTION**
  - I would consider purchasing from [+vweb+] in the future

Research: Predictors

- **CLARITY AND USABILITY**
    - The layout of the ... web site is clear
    - I feel that the ... web site is over-complicated with too much animation
    - The ... web site is easy to use
    - The information on the ... web site is relevant to my needs
    - I regard the ... web site as relatively error-free
    - Everything I need to know about buying a product is clearly communicated to me on the ... web site

- **EXPERIENCE: ENGAGEMENT AND ENJOYMENT**
    - I consider the ... web site to be a 'state of the art' web design
    - I find the ... web site really 'engaging'
    - The ... web site gives me a 'real' feel for the product(s)
    - Interacting with the ... web site is an enjoyable experience
    - Interacting with the ... web site is a very useful experience
    - I consider the design of the ... web site to be something I feel comfortable with
    - The ... web site allows me to communicate easily with the company if ever I have a specific request or question about the product

- **PRIVACY AND INTEGRITY**
    - I trust the ... web site to keep my personal information private
    - I trust the ... web site to not share my details with other companies
    - I feel I can rely on the ... website not to make false claims about the product

- **COMPARISONS AND CUSTOMISATION**
    - I was able to make comparisons between products of competitors on the ... web site
    - The ... web site allows me to access consumer or expert opinions about the products featured
    - The ... web site can be personalised to suit my needs
    - The products on the ... web site can be easily compared
    - Did the ... web site ask you questions to find out your needs and preferences?
    - Did the ... web site allow you to give feedback to ...?

- **MARKETING COMMUNICATIONS**
    - Have you received special or exclusive online offers from ...?
    - Have you seen any online advertising for ... in the last 6 months?
    - Did you sign up to a newsletter or regular communication email from ...?

- **MARKETING UTLITY**
    - Whether clicked on any online advertising for most memorable website?
    - How useful respondents found the newsletter for most memorable web site?
    - Were you able to find games or puzzles or downloads or freebies on the ... web site?

PURCHASE: Predictors

- **CLARITY, USABILITY AND ENGAGEMENT**
  - I consider the design of the ... web site to be something I feel comfortable with
  - Interacting with the ... web site is a very useful experience
  - The ... web site is easy to use
  - The layout of the ... web site is clear
  - Interacting with the ... web site is an enjoyable experience
  - The ... web site gives me a 'real' feel for the product(s)
  - I find the ... web site really 'engaging'
  - I regard the ... web site as relatively error-free
  - The information on the ... web site is relevant to my needs
  - I consider the ... web site to be a 'state of the art' web design
  - I feel that the ... web site is over-complicated with too much animation
  - Everything I need to know about buying a product is clearly communicated to me on the ... web site

- **COMPARISONS AND CUSTOMISATION**
  - The ... web site allows me to access consumer or expert opinions about the products featured
  - I was able to make comparisons between products of competitors on the ... web site
  - The ... web site presents the benefits and drawbacks of the products
  - You can access consumer opinions or ratings
  - The products on the ... web site can be easily compared
  - The ... web site has useful shopping support tools (e.g. planner, calculator, 3D models)
  - The ... web site can be personalised to suit my needs
  - The ... web site can recommend products based on my past purchases on the web site
  - Did the ... web site allow you to give feedback to ...?

- **EASE OF TRANSACTION**
  - Delivery prices are clear and the prices are easy …
  - Once an order is placed it's easy to track it online
  - The ... site tells me immediately if something is out of stock
  - It's very easy to order and pay for products on the ... web
  - I feel confident that when my order turns up it will be exactly as represented on the ... web site
  - If things go wrong with my order I am confident that ... will deal with me fairly
  - Usefulness of newsletter

- **PRIVACY, SECURITY, INTEGRITY**
  - I trust the ... web site to keep my personal information private
  - I trust the ... web site to not share my details with other companies
  - I am happy to give my credit card information to the ... web site
  - I feel I can rely on the ... website not to make false claims about the product

- **MARKETING COMMUNICATION AND OFFERS**
  - The ... web site sends you regular information about products and services
  - Have you received special or exclusive online offers from ...?
  - Did you sign up to a newsletter or regular communication email from ...?
  - The ... web site gives its regular customers exclusive offers

- **CONTACT / ADVERTISING/CUSTOMER CARE**
  - If there is a problem I can contact ... in a number of ways
  - Whether clicked on any online advertising for most memorable website
  - The ... web site allows me to communicate easily with the company if ever I have a specific request or question about the product
  - Did the ... web site ask you questions to find out your needs and preferences?

- **UTILITY**
  - Were you able to find games or puzzles or downloads or freebies on the ... web site?
  - You can return the product to a shop if necessary
 - Have you seen any online advertising for ... in the last 6 months?

Presentation Storyboard

- Review of Brand New World 1
  - Identification & review of strategies
  - Why develop BNW2
- How we developed Brand New World 2
  - Methodology
  - Developing the BNW framework
- Results
  - Descriptive outputs
  - Benchmarking
  - Modelling
- Squaring the circle
  - Understanding that everything is connected

Take-Out: Onsite

- Some key universal principles:

  - Speed of response

  - Dialogue

  - Relevance/Engagement

  - Information transparency

- Brand Advocacy is a key metric of brand health

- The key website drivers conform to these principles

- These website drivers create a customer experience that drives brand trust, loyalty and advocacy

- The drivers can be quantified and use as a mechanism for allocating marketing resource

The importance of co-ordinating on & off-site strategies
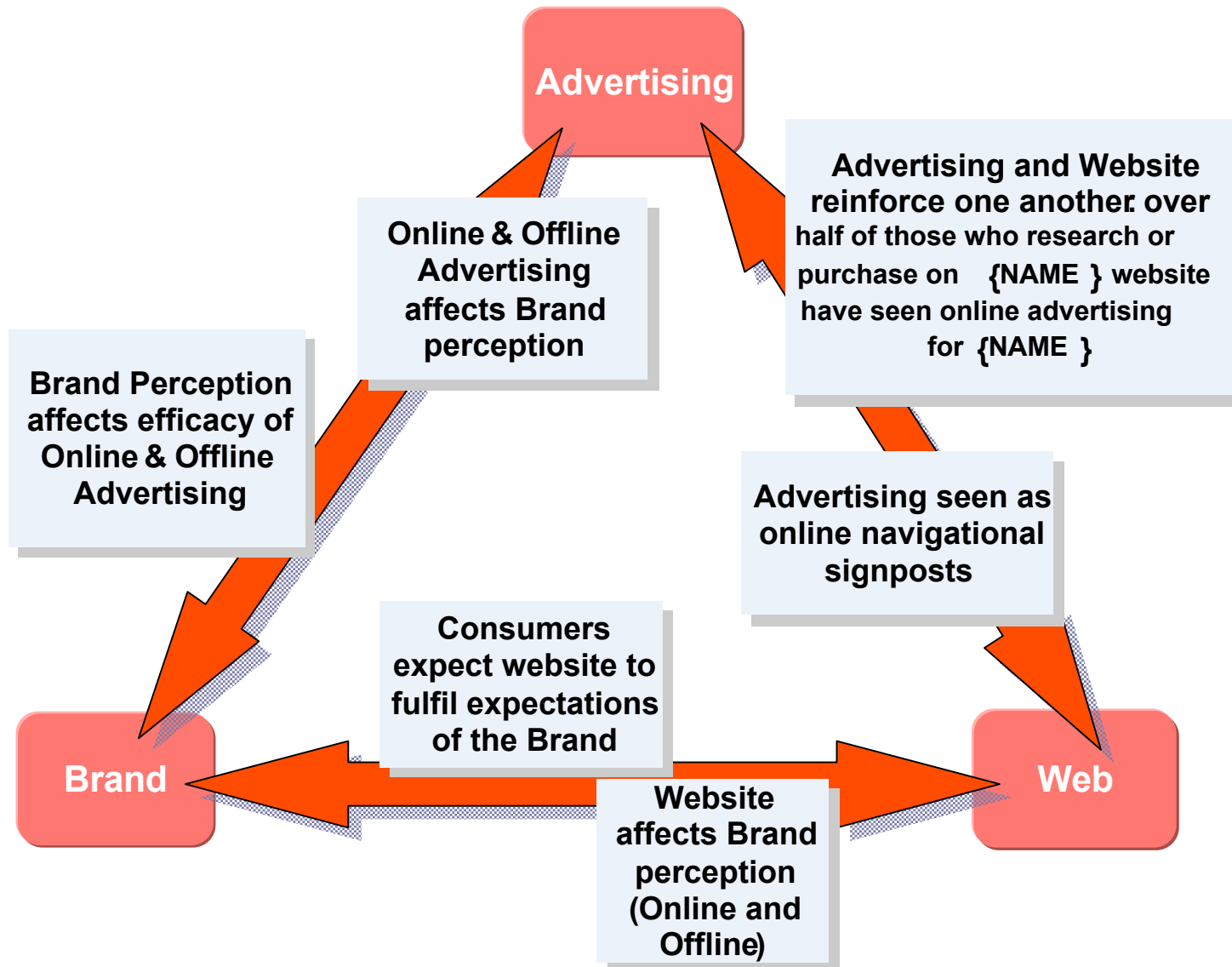
Take-Out: Offsite

- Everything is connected: Marcoms planning is no longer a silo activity
- Online Researchers and Purchasers are extremely sensitive to online advertising but advertising needs to subscribe to the basic principles, in particular: utility, relevance, engagement (creativity)
- Trust is critical online, media planning needs to align with trusted players
- Email Marketing's performance is disappointing because current policy violates the basic principles
- Reputation management can and should be part of the remit

Take Out

- There are things that marketers and advertisers can do to redress the imbalance caused by **'perfect' information**

- There are **website drivers** which can create a **consumer experience** which will, in turn, drive brand trust, brand loyalty and customer advocacy

- The relative weight of the drivers can be used as guide for **allocating resource**

- These mechanisms represent less of a technical solution than an expression of an **online marketing strategy**

- That strategy recognises the need for **speed**, for **relevance**, for **dialogue**, for **customisation** and above all for **transparency** combined with the more traditional virtues of service quality/ease of transaction

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How The Internet Is Changing Consumers' Attitudes To Brands And What Marketers & Advertisers Can Do About It

Online strategies for creating Brand Loyalty and Brand Trust

"Without the glue of loyalty, even the best designed e-business model will collapse"

Reichheld, F: "E-loyalty, your secret weapon on the web" Harvard Business Review, July-August 2000

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Further Reading

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