

# Customer Engagement:

## The Science of Getting from “I See It” to “I Want It”

Prepared by:



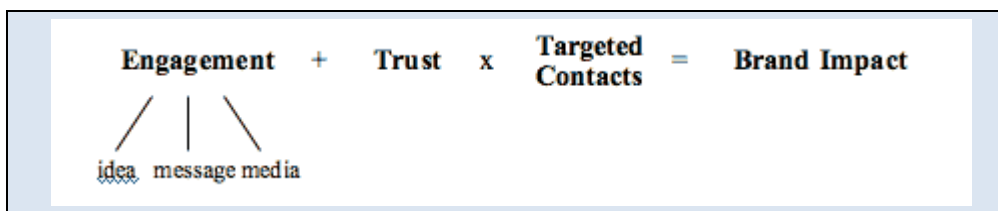
[www.Granite-Part.com](http://www.Granite-Part.com)

September, 2013



Any company, person or organization who undertakes any sort of marketing activity is hoping to somewhere along the line move their core audience from “Awareness” to “Engagement” to “Purchaser” – but many organizations want to skip the middle “step” and just push messaging out the door and expect it to lead to buying behavior. There are no shortcuts, and organizations that don’t do their due diligence will find that their message falls on deaf ears more often than not, and that sales that depend on building a broader audience will decline without the engagement step included. This report intends to examine this phenomenon and outline the reasons for the need for engagement, and how companies and other organizations, specifically non-profit and member-based groups can utilize their existing platforms to create engagement, extend their footprint further into the lives of their constituents, and drive purchasing decisions forward. It will explore how organizations can uncover and develop the various levels of customer engagement, how to spread and sustain it, and how to create it when starting from “scratch.”

Engagement measures the extent to which a consumer has a meaningful brand experience when exposed to commercial advertising, sponsorship, television contact, or other experience. In March, 2006, the [Advertising Research Foundation](#) defined Engagement as "turning on a prospect to a brand idea enhanced by the surrounding context".<sup>[1]</sup> The ARF has also defined the function whereby engagement impacts a brand:



This is a specific, if limited, view of how customer engagement might enhance brand loyalty or drive purchase behavior, but we’ve found that the process is a deeper and more complex one than can be described in the above manner.

We can look at customer engagement in two ways, on two levels: 1) the purely theoretical, academic level, using vague terms like the equation above, which is perfectly legitimate for discussion purposes, and 2) the more practical level, the more tactical level, where hard costs and hard numbers in terms of response, sales, conversions, web traffic, click-thru, and a host of other metrics rule the roost in terms of gauging the value of engagement from a marketing standpoint. This last can be viewed through two different lenses, one for commercial level, consumer-focused mass market tactics, where broad-scale engagement drives arms-length transactional conversion to purchase a product or service in large numbers; and the more personal, but no less important, individual engagement on a smaller scale, of the type needed by volunteer organizations or membership-centric organizations, where actually engaging the individual in the mission or operation of the organization is the key to keeping them as members. We will examine all three aspects in this presentation.

## In Theory

On a theoretical level, consumer engagement appears to be a critical ingredient in making the transition from visible brand to favored purchase in the minds of the consumer. Brands can make good on the promise all day long, and buy as much visibility as you can imagine, but with no real engagement, sales will not adequately ramp upward to sustain the consumer base and maintain demand levels.

Think about a walk down a supermarket aisle, for instance the salad dressing aisle. There are three or four shelves, fifty feet long, stocked with different kinds of salad dressings and toppings of various types and flavors. As you walk down the aisle, your mind is taking in the visual information on the labels, the shapes, colors, and sizes of the bottles, where they are stacked in relation to others, how many choices

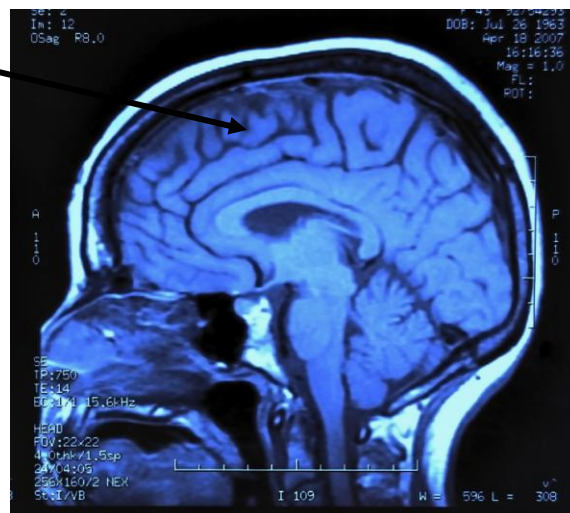


of flavors there are, and other data at lightning speed. Suddenly you slow, something has caught your eye, because it either looks or the name sounds familiar – you’ve seen it on TV or in a magazine, or even in someone else’s home. You take in the surrounding choices, and instantly assess how many flavors or choices that brand offers, you look to see if a flavor you’re familiar with or like is available, and then pick up the bottle and look at the price – way more than you were expecting! You move down the aisle, and something else catches your eye. It’s even more familiar, you’ve bought it before. Now, you search your sensory memory, to try and remember if you liked it the last time. It seems it couldn’t have been that bad, so you pick it up and check the price – it’s even more than the last one! You move further down the aisle and something else catches your eye. It looks appealing, but you don’t recognize it. The label says it’s “all natural,” which makes you feel better although it’s meaningless, and it’s in a series of new

flavors that sound appealing and appetizing. Your ego kicks in, telling you that you should aspire to eat this well, to use this type of product more often, to up your diet game to live up to this level of “goodness” and you drop the bottle into the cart, without even looking at the price tag.

That’s just one scenario of many that play out in retail aisles all over the globe every day. It’s a decision chain that has no real rationale to it, one that is largely driven by memory, emotion, comfort, status and the need to fulfillment. Were the other dressings inferior? We’ll never know for sure, but probably not. Was the one you selected a better value? Probably not, since a price/value evaluation was never even made. What made you choose that one over the more familiar ones? You’d seen or heard of those others, and somewhere along the line made a judgment that they were acceptable under certain conditions, but all things being equal, you’d look for something better if the choice was available. No matter how familiar they were (and the marketers for those producers worked feverishly to make them so), you still were willing to make a leap of faith, feed curiosity, and try the unknown, unfamiliar choice, based on a few words on a label, an attractive package that happened to feed into a small pocket of need in your mind, a vision to which you aspire.

It’s called Aspirational Marketing, and luxury brands use it extensively to move high-priced, designer goods to fringe consumers on the edge of their core wealth market. What really happened was that your mind engaged with that particular combination of colors, size, characteristics, flavors and other visual attributes, and locked onto a need to aspire to something better than the average, regardless of cost. In short, the product got your attention, and engaged you in a way the others didn’t, and it translated into a sale.



So, regarding the equation above, where’s the “trust” element? The Targeted Contacts element can be represented by the fact that you chose the salad dressing aisle, because it was on your shopping list and you needed some – no way for the retailer to know you were out of dressing, in order to target you, but they *can* gear their buying selection to higher end, smaller footprint brands at higher prices to entice a specific type of consumer – but that’s another part of the story. But the “Trust” portion is tougher to define. We’ve addressed trust of a brand in our practice, and determined much of the trust aspect of brand interaction stems from two quadrants: Personal Experience, and Personal Referral. Apparently, American consumers are willing to substitute their own experiences with a product or service for that of someone else, if the referring party has credibility with the consumer and they are particularly emphatic about the referral. If your best friend tells you that HP is the best computer they’ve ever owned, or that Tide gets her kid’s clothes cleaner than anything else they’ve used, you tend to believe them, and to take the referral at face value, conferring that brand trust to yourself, based on that referral.

In the grocery example above, the trust comes from the retailer. You know that if your favorite grocery store carries it, and you buy the rest of your food there, they’ve done some screening and not bought

horrible or poor quality food for you to purchase. You trust the store to set a standard of health, safety and quality, and that offers you enough security to confer trust on the brands that they carry, making the “Trust” element of the equation above a constant.

Also in the example above, the media component stems from the environment. The fact that this is a real, brick-and-mortar store, implying permanence and stability, acts as a substitute for media outreach. Grocery stores have cut way back on general branding ads in the last few years, based on cost versus traffic results. They found that newspaper circulars, FSIs, and booklets offered a better value, especially as food purveyors stepped up their couponing programs and integrated them into the store’s register feedback and data collection mechanisms. By beefing up the sophistication of the register software, the can now get better loyalty results by simply providing coupons for discounts based on what products you just bought, so that you’ll come back, engendering strong store loyalty, and reducing the target pool to first-time buyers.

The messaging portion in the equation came in this case almost exclusively from the package. That key phrase, “Organic Ingredients” or something similar overcame an initial objection with regard to quality and safety, the bottle shape and color transmitted the appropriate signals to your aspirational ego, and bingo, you’ve made a purchasing decision. All the TV advertising and coupons in the world may not have been able to make that conversion, but impulse buying behavior, explorational purchasing based on being “NEW,” and the attractiveness and appropriateness of the package combined to make it work.

## For All Practical Purposes

The grocery store aisle is not the only place selling companies are looking to increase their engagement of customers. Retail products companies are always seeking to engage more customers, in as many different sales channels as possible, to drive sales activity upward. The newest addition to this quest for engagement is the Social Media arena. In a broad sense, engagement with social media should lead to conversion and purchase, under the right circumstances. Companies are struggling to create those “right” circumstances through various platforms including Facebook, Twitter, and the latest using images, Pinterest and Instagram. The use of online video is proving to offer strong engagement potential, in the new digital landscape. Advances in the penetration of high-speed internet access make video more easily portable, “shareable” among friends, and with luck, sticky enough to stay top-of-mind based on longer engagement periods than static images.

## Tell the Story

Business-to-Business marketing especially has made much of the latest shiny object, “Content Marketing,” in recent months, but using information to build



and increase engagement is as old as the Sears

the  
like



catalog. Early catalogers, especially long-copy formats,

L.L. Bean, J. Peterman, and Crutchfield Electronics



The J. Peterman Company

(a pioneer in the field), learned that the more information, and the better the story - not just a list of features, but an attractive back story containing the benefits of ownership and the tale of the origin of the product - the more effectively they would engage customers and boost conversion and buying behavior and volume. For them, engagement is all about the story.

The media was the message at some level, most people were familiar with how catalogs worked, and buying mail-order was an understood and largely trusted transaction in those days.

Storytelling is a key element of customer engagement, and businesses are just starting to understand how important telling the “right” story can be. Over the last decade we’ve worked with over 60 businesses and non-profits, and have developed and analyzed some data as a result of that work that show just how crucial it can be to have a fully-developed story, with surrounding messaging and imagery, in order to engage customers and members, to gain their loyalty.

We ask clients some fairly simple questions when we first start working with them, as part of our needs assessment in our practice. When we stepped back and analyzed the answers to those questions in aggregate, we discovered some very interesting trends. While the sample size is really too small to make blanket statements or draw widespread conclusions that apply to all such organizations, the trends are clear, and they suggest some useful information to other non-profit organizations.

When asked to rank how important their organization’s brand was to their constituent’s daily business lives, #1 being centrally important, #5 being not important at all, 78% ranked their brand as a “3” or greater. When we asked their members that same question as part of a wider research study, in aggregate, 83% of respondents related that they ranked their organization’s brand importance in their business lives to be a “4” or less. The organizations are under the impression that their members hold them in higher regard than they really do, by a nearly 20% margin. While not iron-clad as a stand-alone statistic, that result suggests that there is much to be gained by being in closer touch with members or customers, by engaging them more regularly and in more direct fashion.

Another question we ask clients and then poll members or customers about is: Would you find additional branded products or services made available from this organization valuable? Many non-profit organizations tend to lag behind in offering branded products and services as non-dues revenue generators compared to their for-profit

**78% ranked their brand as a “3” or greater. When we asked their members that same question as part of a wider research study, in aggregate, 83% of respondents related that they ranked their organization’s brand importance in their business lives to be a “4” or less.**

counterparts , but they also tend to undervalue the power of their brands. Of the organizations we asked this question, 38% said they would be confident in offering their members or customers a branded product or service slightly outside the core of their business. When we asked their members this question, members overall responded positively, with 76% of them saying they would find value or would trust to be valuable products or services offered by this organization. That's a strong indicator that the brand is positioned in a place of trust among members, and that all the jealous guarding and protecting of their brand is working. It's also an indication that maybe there are other ways the organization could engage those members and offer them even more, keep them longer, deepen the relationship, or have them recommend membership to their colleagues. The well is deeper than the organization feels comfortable exploring, for fear of their members will feel that they are being taken

**38% said they would be confident in offering their members or customers a branded product or service slightly outside the core of their business.**

**When we asked their members this question, members overall responded positively, with 76% of them saying they would find value or would trust to be valuable products or services offered by this organization.**

advantage of, and leave. These organizations seem to walk a fine line, often with no empirical data to back up the assertion, and feel that their members don't want anything from them other than what they offer now, that any more is "selling out" or losing focus on the mission.

One thing to note about this little mini-study is that there was a fairly wide spread in the responses, indeed a gulf, between the organizations that had done recent member research to determine the needs and preferences of their members, and those who had not. In analyzing response data from the first question, we noted a strange effect: The organizations who had

done recent research were naturally more in touch with their members, and the correlation between their perceived brand importance and that perception among members was much closer than those who had not done research. No big surprise there. But when we cross-referenced those responses with the answers to another question, "Do your members understand and agree with the organization's "mission" and goals?" we got a slightly different result. Regardless of whether they had done recent research on members or not, both types of organizations believed strongly that their members did, indeed, agree with their mission and goals, to the tune of over 80% positive response. But when their memberships were polled, less than 40% said they agreed fully with the organization's mission or goals. What was causing this rift? Further analysis showed that those who had a closer, more frequent, more relevant relationship with members based on brand strength, in other words the one's that told the story more effectively, had a much tighter correlation to their mission agreement than the poor story tellers, those with the less-engaged members.

Clearly, telling a relevant, consistent, and meaningful story throughout your marketing efforts drives familiarity, which enables engagement, which leads to higher retention and higher referrals in the recruitment effort. Just as clearly, good member research allows you to craft that story with a closer eye on your members' needs and preferences, making it more relevant, more valuable, and more effective in engaging those members or customers. The equation might look like this:

**Research > Insight > Relevance > Engagement > Retention = Revenue**

For commercial enterprises, this type of engagement is not so easy, compared to the relatively finite realm of association members, but through segmentation and niche selection, it can be quite effective at winning loyalty and boosting long-term revenue. The key, clearly, is in knowing the audience, their preferences, their pain points, and in proactively fulfilling them. Finding more prospects and engaging them can be informed by primary customer research, but there is more to the story than just cloning and repeating with potential customers.

## **It's a Pull, Stupid**

The critical element for consumer engagement is activity. Driving activity, interaction with the company and the product, before, during and after the sale, creates engagement. The more intense this engagement, studies show, and the longer it goes on, the higher the likelihood of additional sales, referrals, and influencing behavior becomes the driver of additional sales. But you won't get this kind of deep engagement with traditional "push" marketing, because no matter how much you personalize, no matter how skillfully you apply the data to the outgoing message, it's still a push, foisted upon the target audience when YOU want it to go, not when they want to find out more about your products or services. The trick is to stop thinking "push" and start thinking "pull" – the ability to launch something out there in a calculated fashion that draws both the attention, and most importantly, the action of the target audience.

This is where the new tag "Content Marketing" comes into play. Providing apparently valuable information free to your potential customers, if done correctly, can prompt the type of attention and action, creating the "pull" needed to draw the prospect into that engagement zone. The brand is not asking anything of them; it's being generous, giving them something for nothing. That content creates a need to respond, query further, find out more about the subject, and since your brand is associated with it, the content's veracity, accuracy, relevance, and timeliness now reflects positively on you. That positive association is critical for creating the kind of engagement that leads to sales conversion.

Content can be delivered in a variety of ways, traditionally, digitally through e-mail, social media platforms, websites, videos, blogs, etc. One thing they all have in common is a simple, direct way to ask



for more, to delve deeper, to respond or interact with the sender of the content. That’s where the “pull” comes in. The idea is to create such compelling content that it literally pulls the prospect into the sales funnel, driving them to purchase, like a tractor beam on Star Trek.

## Other Applications

Engagement by customers or members can mean different things or happen to various degrees, depending upon the situation. For non-profits, trying to engage members to keep them and retain them, it often has to do with attention, in a positive way, paid to them. This attention can be paid either indirectly, by knowing their needs in aggregate and addressing them by offering relevant value and benefits; or directly with a phone call, a survey, a meeting invitation, a committee update, or other contact point that allows for two-way communication. Studies by ASAE and other association-centric groups have repeatedly shown that member retention dramatically increases if new members can be engaged within the first 12 months of joining the organization. That engagement can take many forms,

but it all comes down to paying attention, allowing for interaction, and creating a feeling of goes beyond “belonging” that writing a dues check.

For commercial enterprises marketing that level of crafting consumer programs, paying attention can be an expensive undertaking. With a much broader audience, the numbers involved in calling or contacting individually potential customers or customers on an ongoing basis can be staggering, so most organizations bring this type of activity down to a manageable scale



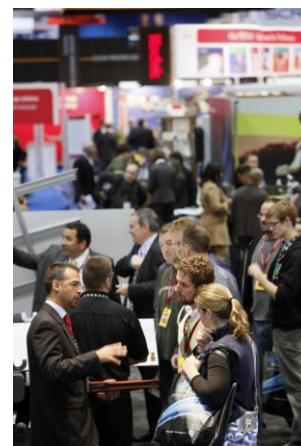
by engaging a representative sample of their customer base in one way or another. Some of these marketers have become adept at focusing on what are termed “influencers,” people who are seen as trend-setters, recommenders of new products or services to their social circle, mover and shakers in their sphere of influence that in aggregate can move the needle on product sales numbers simply by using and recommending a company or product. Celebrities are especially good at this, which is why companies use them as endorsers (we’re back to Aspirational Marketing here), but everyday consumers are often just as effective within their sphere as more famous celebrities.

Some companies take a different approach, attempting to randomly engage customers, to randomly sample their base and keep the engagement going among a percentage of their customers. Many firms cherry-pick their top purchasers, catering to the 20% of customers who represent 80% of their revenue. From profitability standpoint that might seem like a good decision on paper, but it's not a sustainable growth strategy in a stalled economy. Before long, that top 20%, who is catered to by everyone they come in contact with, will become self-serving, and their influence is essentially preaching to the choir, influencing other influencers. One additional strategy is to attempt to automate the process of engaging customers, with auto-responders, drip campaigns and other electronic systems to maintain contact in a partially personalized way. The jury is still out on the long-term effectiveness of such methods, but the key areas to focus on when automating seem to be use of personal data in the communication, striking a balance between relevant use of data and intrusive invasion of privacy.

Our own client research has shown that customers expect their favorite brands to know a certain amount about them, they understand about storing transactional information. **Amazon.com** is largely to thank for that level of comfort, by showing customers what they bought previously and making suggestions for new purchases based on purchase history. TiVo takes that to the next level, recording programs that are thematically similar to those you've recorded prior, without your knowledge or consent. Using transactional information in communications shows that you've reached the right person for the right reason. Consumers don't see that as overly intrusive. This can be carried too far. Retailer **Target** experienced this within the last year, successfully diagnosing a customer's pregnancy and forecasting a due date, before the 17-year-old girl's parent's even knew of the impending blessed event, based on her purchases and a very powerful computer algorithm forecasting the need for diapers, bottles and the like based on previous purchases of hand cream, a box of wipes and a couple of other innocuous items. Clearly the power of marketing automation hasn't been fully explored, but the outer reaches are being actively probed.

## Tradeshows

There are some specific instances where engagement is highly powerful, but develops very quickly and disappears just as quickly. Commercial tradeshows and professional conferences and meetings are one instance where this is the case. There is a definite science to creating quickly-built customer engagement with tradeshow attendees, to pull them out of the aisles into a display, speak with a sales person and be fully engaged for a few moments, gather critical information with the promise of further interaction, and then move on and repeat the process in a few moments with another booth. It's a one-to-one interaction that is customer-centric, and the focus of attention creates a full engagement of the customer, but only for a brief time. There are quite a few factors that play into that luring effect, among them previous brand exposure and awareness, display design and presentation, volume level, location, presence of other buyers, even color selection in the display. But the real engagement happens between individual people. Sales engagement is less self-directed by the customer, but they attended the event



for a reason, so there is a level of self-determination at work there as well. A well-trained sales professional in a tradeshow situation has developed an open, engaging, non-threatening approach that makes strangers feel instantly comfortable, at least comfortable enough to speak about business matters immediately, largely by answering qualifying questions. Questions signal interest, which is a ticket to engagement. Done properly, that contact and that show of interest can be extended beyond the event and lead to a sales conversion and customer loyalty. Done improperly, it's a quick hit and the message, the gains in engagement, are forgotten before the carpet changes color at the next booth!

## Public Speaking

Another specific engagement instance that surfaces in discussions is engaging an audience. In a public speaking situation, the speaker has a goal of transferring information to the audience, but what he's really trying to do is to engage that audience, in a very specific way. Some are successful at this, many are not, which is why there are untold numbers of online discussion threads and articles written about how to create engaging and useful presentations, how to use different presentation tools to create engaging presentations, how to eliminate them altogether. If the speaker can fully engage the audience, it opens up pathways in the learning centers in the brain that allow for absorption of information, and fixation in permanent memory, locking in the knowledge gained. Part of that task involves making the information entertaining, accessible and digestible by the audience. Good speakers use one of several devices to do that, including using parable or allegory to relate concepts through storytelling, parsing the information down into bite-sized chunks and using repetition to strengthen the absorption, and using imagery to help cement the concept in a different way than through spoken or printed words.



No matter what device is used and what the topic is, to be successful the speaker must effectively engage the audience for a finite period of time. Hopefully in that time, from a marketing standpoint, the information being imparted is of sufficient importance and weight that the members of the audience create a permanent memory and will carry it with them when they leave. If so, they will have created an indelible, positive brand image of themselves in the minds of that audience, which can spread through referral and word-of-mouth, leading to sales conversions for years to come of associated and ancillary products offered by that speaker.

## The Final Word

Based on our studies and experiences providing insights and guidance to non-profit and commercial entities over the last three decades, customer engagement is the key to creating a positive, lasting, loyal relationship between the company or organization and the customer or member. Engagement can mean different things in different situations, but it boils down to grabbing and keeping someone's attention by offering something of value, something relevant to the purchaser. Whether on a transactional, emotional or informational level, engagement must occur, at least for a short time, in order to make the offer and to have the recipient take advantage of it. Once that occurs, what level of positive influence the engagement engenders depends upon how the engagement was initiated, the relevance and timeliness of the offer, the inherent value of the thing being offered, and the level of trust from whence the delivery of that offer stems.

Modern marketers have a growing number of tools to help enable customer engagement, non-profit groups have a smaller but very potent number of tools to use to draw in and retain members, chief of which is insight through primary research. Use of these tools in an appropriate and positive way is the real key to successfully engaging and keeping the loyalty of customers and members.

\*\*\*

*David Poulos, has over thirty years of marketing experience, ranging from private enterprise, state and federal government, non-profit and charitable organizations. He has a Bachelor of Science degree in Marketing Communications from Northeastern University, Boston, MA, and has effectively served as Director of Membership Marketing for the National Grain and Feed Association, as Director of Marketing Communication for the National Printing Equipment Manufacturers Association (NPES), Director of Marketing for the National Court Reporters Association, and as a consultant to a host of other non-profit clients including: American Institute of Aeronautics and Aviation, Community Associations Institute, Electronic Retailing Association, Kitchen Cabinet Manufacturers Association, National Assn. Retail Pharmacists, National Association of Wholesale Druggists, National Geographic Society, National Grain and Feed Association, National Information Corp., and the National Society of Professional Engineers.*

*Mr. Poulos has published over 20 articles on a variety of marketing topics in nationally published magazines and websites, is the author of "The Marketing Doctor's Survival Notes," has published over four year's worth of weekly blog articles on non-profit and commercial marketing, management and customer service best practice, has been quoted as an expert in articles appearing on Fox News Small Business and MSN Main Street Business websites, was featured in the Global Edition of Who's Who of Marketing Executives, and is a former board member and President of the Sales and Marketing Executives international, and is a member of ASAE, DMAW.*

