



**Driving growth by turning
acquisition to advocacy**

Econsultancy



**CHEETAH
DIGITAL**

DRIVING GROWTH BY TURNING ACQUISITION TO ADVOCACY

Foreword

Cheetah Digital is a cross-channel customer engagement solution provider for the modern marketer. The Cheetah Digital Customer Engagement Suite enables marketers to create personalized experiences, cross-channel messaging, and loyalty strategies, underpinned by an engagement data platform that can scale to meet the changing demands of today's consumer. Many of the world's best brands, including American Express, Hilton, Walgreens, and Williams-Sonoma trust Cheetah Digital to help them drive revenue, build lasting customer relationships, and deliver a unique value exchange throughout the entire customer lifecycle. To learn more, visit www.cheetahdigital.com.

The 4-step guide to finding customers and turning them into brand loyalists

For the modern marketer, everything has changed

Traditional channels have been supplemented by digital routes to market that require new strategies and solutions to engage and acquire new customers, and then hold on to them.

Consumers today expect brands to deliver a personalised customer experience, connecting with them through their preferred channels in a way that demonstrates an understanding of their values and needs. Brands need to 'surprise and delight' throughout the customer journey from acquisition onwards.

The Privacy Paradox

And this is where it can get problematic. Brands need to demonstrate they understand customers and personalise marketing around them. However, at the same time, consumers are increasingly sensitive over their personal information, meaning traditional third-party data-gathering, to find and win new customers, has become more challenging.

Marketers continue to grapple with this 'Privacy Paradox' of customers wanting to enjoy personalised experiences and yet being more discerning over how – and with whom - they share their personal information. It places consent, data protection and respect for privacy at the heart of any drive to acquire customers and keep them loyal to a brand.

Brand loyalty is essential - and gets emotional

Marketers are finding brand loyalty is changing, too, as consumers shy away from traditional 'points make prizes' style of loyalty schemes. Brands build real advocates by demonstrating they 'get' consumers, by engaging with them on an emotional level throughout the customer journey, not just from the first transaction.

And loyalty is not just a nice-to-have marketing objective, it's a business-critical goal that has a massive impact on the bottom line. [Research shows](#)¹ it can cost 25 times more to win a new customer than it takes to keep an existing one and improving customer retention rates by just 5% can increase profits by between 25% to 95%.

With the third-party cookie well and truly crumbling, marketers have to rely on alternative ways to gather intelligence about their customers, from their customers. Only then can they know them well enough to deliver relevant customer experiences that generate emotional loyalty.

The result is that not only is marketing changing, so too is the role of the marketer, as Peter Markey, CMO at TSB Bank recently summed up at an Econsultancy roundtable hosted by Cheetah Digital.

"Marketing has always been the closest team to the customer and now we're being prompted to look into new areas around customer behaviour," he surmises.

"The battleground has moved on from just reaching the right customer at the right time with the right offer: digital allows you do that on steroids. Now we're asking those far-reaching questions around privacy and customer experience because, if we're not, who is?"

It is by asking these searching questions that brands are able to work through the four steps to build loyal fans who act as brand advocates:

1. **Acquisition:** The starting point is to recognise the privacy landscape has changed, meaning brands must be transparent with prospects on data.
2. **Discovery:** They can then begin asking for zero-party data, which customers offer freely in exchange for personalised content and better experiences.
3. **Loyalty:** These experiences are the cornerstone of building an emotional connection so loyalty is about more than money-off offers.
4. **Advocacy:** Finally, brands then need to help turn this emotional loyalty into advocacy, giving customers the opportunity to share great experiences with friends and social contacts.

1. ACQUISITION - Make privacy central to customer relationships

The changed privacy landscape

You cannot start on the journey of attracting and acquiring customers without acknowledging that the privacy landscape is unrecognisable from just a couple of years ago.

Everything has changed since the Cambridge Analytica scandal and the introduction of GDPR.

¹https://www.bain.com/contentassets/2598a2341fed40eba41954ee442ead22/bb_prescription_cutting_costs.pdf

Brands have become aware of the huge reputation-damaging implications and regulatory fines of not respecting privacy or complying with stronger consumers rights under GDPR. It is not just Facebook which is in the headlines for all the wrong reasons. Google is under investigation in the UK and Ireland over claims programmatic advertising, or at least real time bidding (RTB), contravenes GDPR.

If brands need a warning of what can happen if they do not respect privacy and protect personal information, it came in July 2019 with [a proposed £183m fine](#)² for British Airways after half a million customers were duped into handing over personal information to a rogue site.

The headlines have prompted a widespread trend for consumers to be concerned by what big businesses are doing with their data and, at the same time, more aware of their privacy rights, which they understandably expect to be respected. It is clearly visible in how the tech giants are beginning to respond with “Sign in with Apple” promising not to track their every move and Safari and Firefox ditching third-party cookies, while Google Chrome announces its intention to hand more control over tracking back to the user.

In a way, this is simply acknowledging the inevitable as the ePrivacy Directive edges slowly towards becoming law across Europe. Among several measures, browsers will be forced to allow consumers to block all tracking cookies.

Embrace data transparency

Whenever marketers seek to acquire customers and find out more about their existing base, they need to be clear about what data they are asking for, who is going to be using it, for what purpose and why a consumer will benefit.

Rather than relying on third-party tracking and bought-in databases, brands need to embrace transparency. GDPR needs to move on from being a footnote in a privacy notice to become a central part of the brand and customer relationship.

This is keenly felt at Paddy Power where CMO Michelle Spillane explains that respect for privacy is at the centre of everything the bookmaker does as it balances delivering personalised content with not making people feel like they are being tracked.

“One of the biggest trends we’ve been seeing recently is that people are now super sensitive about any brand looking at their behaviour - and rightly so,” she says. “There’s a really fine line between their wanting you to recognise them as a customer, so you can add value to their experience, and feeling like they’re being hyper-targeted and tracked. That’s the challenge modern marketers face in the new privacy landscape.”

² <https://ico.org.uk/about-the-ico/news-and-events/news-and-blogs/2019/07/ico-announces-intention-to-fine-british-airways/>

2. DISCOVERY - Use zero-party data to start relationships

Moving on from cookies, to first-party and zero-party data

It is hard to get off that cookie fix. It seems such a simple way to acquire the data that is needed but, the harsh reality is, it's time to kick the habit.

All marketers know this, or at least, according to Cheetah Digital [research](#)³, 92% of marketers believe it is important to prioritise first-party data.

More to the point, though, it is time for brands to consider taking the zero-party data path. This provides a unique opportunity to improve relationships by connecting directly with consumers, gathering the data, insights and permissions needed to power personalised marketing across all stages of the customer lifecycle.

Zero-party data is information consumers intentionally and proactively share directly with brands. It differs from first-party data which will typically combine observations to build a picture of a customer. While first-party data is a case of noticing what a customer is doing on a site and inferring what this means, zero-party data is self-reported.

Moving to zero-party data does not mean brands stop inferring first-party data as well. It's more a case of self-reported data steering the conversation in the right direction from the start and then keeping it on track.

Encourage zero-party data via a 'value exchange'

If it were a case of ask and you will receive, marketers would be awash with zero-party data. Online customers are savvier about how and with whom they share information. It's not just a case of needing to feel the company is respectful of any data they receive: that's a given. Customers also need to see what's in it for them.

In short, there has to be a value exchange:

- This can best be delivered through interactive experiences that conduct research with site visitors and leave them coming away feeling they have been offered an experience with the brand that will ultimately mean they can be better served.
- Questionnaires, polls, quizzes, competitions, marketing preference pages and social stories are a great way to garner customer data and can be accompanied by a reason for customers to take part.
- It might be a prize or money-off offer. It can be the offer of better personalised or exclusive content, loyalty points, better product and service recommendations or social kudos.

At the round table event organised by Econsultancy and Cheetah Digital, Rebecca Burt, Head of Marketing, Business Banking and Entrepreneurship at NatWest revealed the bank uses zero-party data, in the form of preferences entered by users, to personalise content.

³ <https://www.cheetahdigital.com/ebook/zero-party-data-playbook>

The value exchange of receiving far more relevant, helpful content is the basis for requesting users tick off areas of interest, so the bank can kick-start the long customer journey from discovery towards acquisition and then loyalty.

“With our bank, business customers build up a long-burn relationship where we start a conversation based on the preferences they have given us,” she explains.

“This allows us to build up an understanding of what industry they are in and what stage of development they are currently at, and where they will be, further down the line. We use this not only to make content relevant to them, but also to show that we understand them and we’re here to help. That’s the basis of how we build up loyalty. It’s based on personalised help, and it’s a long-term process.”

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Zero-party data driving conversion at Kiwibank

Kiwibank provides a great [example](#)⁴ of how gathering zero-party data and personalisation leads to a stronger emotional connection with a brand. The New Zealand-based bank turned to Cheetah Experiences to help deliver personalised experiences to consumers who are rightly cautious about handing over personal finance information.

The key was to overcome this natural reticence and build in a value exchange from which both the bank and customers could clearly benefit.

A ten-question survey clearly set out this quid-pro-quo arrangement. Customers who answered the questions about their income, saving and spending habits were rewarded with personalised financial advice.

The result was insightful zero-party data captured for 150,000 customers. The offer for personalised advice was so compelling, 75% of those exposed to the campaign filled out a questionnaire.

Repeat zero-party campaigns and combine with first-party data

Collecting zero-party data is a great start but, it has to be remembered, it is still only a start. To keep up with customers’ changing lifestyles, it’s always worthwhile repeating campaigns to get more up-to-date information.

These zero-party insights and preferences must then be combined with first-party data collected through a customer’s interaction with the brand. This can be the page they are looking at on a website or maybe the orders they are placing online or via mobile. Brands can also go deeper, logging interactions with physical locations, such as stores (if applicable), as well as the outcome of calls with customer service representatives.

⁴ <https://www.cheetahdigital.com/client-stories/kiwibank-builds-rich-customer-profiles>

There is likely to be a wealth of knowledge to be gathered from follow up questionnaires and invitations to review purchases and the experience of dealing with the brand across multiple touch points. Brands with access to campaign data can establish which customers have interacted with their content, responded favourably to social posts about a product or opened an email about a particular offering.

Develop a single view of the customer to enable you to anticipate their needs and take action

This incremental data can help a business build up a more detailed '360 degree' view of the customer which can pave the way for more personalised messaging delivered at the most appropriate time.

Triggered emails are a great way to achieve this rounded, single view, particularly if based on real-time online customer behaviour. If a customer has completed an action that shows they are likely to be in-market for a particular item, it makes sense to follow up with them. This could be the offer of an upgrade to a product or service they have just bought or maybe a personalised email highlighting a range they explored online but did not purchase.

Better customer understanding triggers the right response at Argos

Argos Card Rewards approached Cheetah Digital to help take its Black Friday messaging initiatives to the next level. Whilst the retailer has a high-converting website and an array of Black Friday deals, it needed a messaging strategy that went beyond traditional email blasts so it could stand-out in already crowded inboxes.

What's more, with the plethora of deals and final product details being finalised merely hours before Black Friday itself, Argos would need an agile messaging platform that empowered it to quickly create and deploy flawless communications in real-time.

Including Black Friday itself, Argos delivered a total of 11 email sends, leveraging Cheetah Messaging's personalisation, segmentation and A/B testing capabilities to deliver both incentivised and non-incentivised messages, targeting a cross-section of customers across their journey with the brand.

This new approach resulted in a 15% increase in year-on-year sales, 45% reduction in marketing spend and a ROI of 180%. "Having on-hand support from Cheetah Digital throughout was key to the success of our Black Friday sales period"

3. LOYALTY - Make loyalty emotional

Once brands have grasped they need to build a single view of the customer through a combination of collecting zero- and first-party data transparently, it is time to move away from loyalty schemes built solely on points and special offers, to embrace emotional loyalty. This journey must always start from the Acquisition phase, rather than at the first transaction, to encourage customers to form a deeper relationship with a brand.

There was a time when “points win prizes” was enough for a loyalty programme but those days are over. In fact, recent research from the [DMA⁵](#) shows 60% of consumers say they are loyal to a brand that shares their values, rather than simply hands out rewards.

Emotional loyalty can be hard to pin down because it will vary from one brand to another, but it revolves around building a closer relationship from Acquisition that is not rooted solely in transactions. Instead, customers should be shown they are understood through brands delivering highly relevant communications as well as exceptional customer experiences.

Do not be overly concerned about honing data and messaging to make communications unique for each customer. This is not only virtually impossible to achieve at scale but could be seen as creepy. Instead, attention should be focussed on forming subcategories of customers which need to be as highly refined as the data allows.

Loyalty looks different across different sectors

Marketers will need to adapt what this new emotional loyalty will look like for their brand. There are many sectors where it will be an exclusive arrangement. A car buyer, for example, may become a lifelong fan of one marque. However, for others, it may be more about winning more business from a customer who may favour a brand but is unlikely to seek an exclusive relationship. This is certainly the case for Jack Foley, Marketing Manager at KFC for Innovation and Experience.

“There’s no expectation of complete loyalty in our sector because our most frequent users are also probably using rival fast food restaurant chains,” he says.

“Our loyalty programme is a great way of getting around the fact that many customers now come to us through aggregators, such as Deliveroo, which means we don’t own the customer data. So, we need our food to deliver a great experience, and then, through our loyalty scheme, we can capture customer data to provide the most relevant offers to retain that customer and encourage them to be more loyal. But it’s about a share of wallet, for us, it’s not exclusive loyalty.”

⁵ <https://dma.org.uk/customer-engagement>

Emotional loyalty gets personalised at Old Chicago

Bar and restaurant business, Old Chicago has an [innovative approach](#)⁶ to building emotional loyalty that goes way beyond points. Its loyalty programme features multiple stages that customers can work through as they imbibe beers from around the world.

Customers who show the deepest of loyalty to the brand are rewarded with a personalised loyalty card and beer stein to show the emotional connection runs two ways.

The loyalty scheme was upgraded in 2014 through Cheetah Digital, empowering the brand to better utilise huge amounts of customer data and turn it into targeted customer segments for personalised marketing campaigns. The success is evident: the loyalty scheme is now doubling the proportion of sales it is accountable for.

4. ADVOCACY - Turn customers into a sales channel

The ultimate sign of loyalty is when customers emotionally engage with a brand enough to start telling other people how they feel.

Show customers that they are understood, anticipate their needs and deliver experiences that go beyond their expectations and this Holy Grail of advocacy marketing is achieved.

This might be evident in a happy customer posting a positive review or sharing their enjoyment of their latest interaction with a brand on social media. It is important to recognise people who have shared their enjoyment of a brand's products and services by responding to posts and even sharing them so they are shown to a like-minded, wider audience.

A great marketing tactic for driving ROI is to use the customer segmentation methodology that builds Advocacy and apply it to loyalty scheme data itself. This empowers a brand to identify its 'super fans' who stand out, even among advocates, as those who enjoy sharing their experiences.

These customers can be rewarded with unique branded content which they are encouraged to share socially, to display their close brand relationship. They might also be the perfect candidates around whom a VIP club could be built, offering exclusive early access to new products and services, perhaps with offers and codes they can share.

Fleet Feet turns emotional loyalty into advocacy

Sport shoe retailer Fleet Feet runs camps to engage with runners. Customers can keep track of runs by sharing information with a leader board. This prompts conversations and also

⁶ <https://www.cheetahdigital.com/client-story/old-chicago-deploys-complex-loyalty-program>

gets participants sharing positions and talking about their running schedules, and the Fleet Feet brand, on social.

This movement from loyalty to advocacy has seen the brand's loyalty programme swell to beyond three million customers as app downloads have hit the 10,000 per month mark. It has also earned the brand a net promoter score of 93%.

Conclusion - Make marketing central to growth

The days of relying on the quick fixes of third-party data are gone, and for good reason. Consumers do not like the feeling of being spied on and the result being shared with companies without their permission.

This makes the four-step approach to move from Acquisition to Advocacy so crucial.

1. Acquisition - Respect and transparency
 - Respect privacy and permissions and be transparent with prospects about what data you are asking for and how it will be used.
 - Build in the value exchange of more personalised content and improved experiences customers will receive if they will allow you to understand them better.
2. Discovery - Zero-party data and segmentation
 - Use the zero-party data customers are handing over in return for a more personalised experience, to build a 360 degree view of the customer.
 - Supplement this with first-party observations from your site and apps.
 - Use this data to build highly refined customer segments so you can offer highly targeted messaging.
3. Loyalty – Make it emotional
 - Marketers need to base loyalty around making customers feel they are respected and understood by a brand that offers exceptional experiences.
 - Loyalty begins before the first purchase, and should not rely solely on money off coupons and offers.
4. Advocacy – Turning customers into sales channels
 - Encourage loyal customers to submit reviews and share their experiences on social media.
 - A VIP club is a good idea to reward top customers with exclusive benefits and also encourages customers to spend more to get access to perks and privileges.

For those senior marketers who rise to the challenge, there is the very real prospect of making their mark among the C-Suite by becoming the customer knowledge centre, using their insights to deliver delightful, personalised experiences that build brands and lead to business growth.

