# Customer Loyalty and Data

## *- in a July 2022 perspective*



Per Østergaard Jacobsen

CBS COPENHAGEN BUSINESS SCHOOL
HANDELSHØJSKOLEN

efficiens

# Today's philosophical quote

*"It was good that we felt better.*
*It would have been better if*
*we had felt good."*

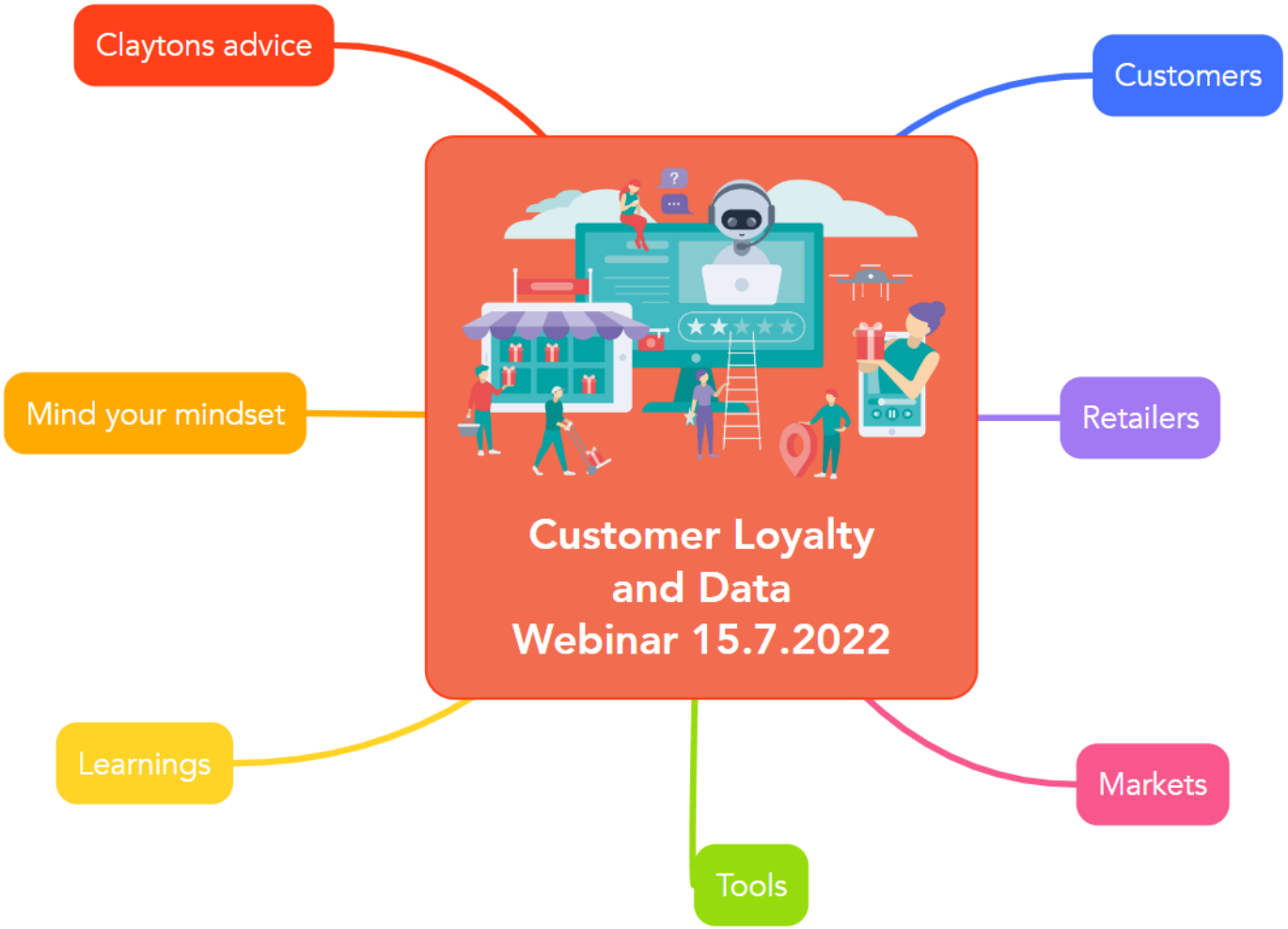
Villy Sørensen



# Agenda

*"Consumer data will be the biggest differentiator in the next two to three years. Whoever unlocks the reams of data and uses it strategically will win."*

Angela Ahrendts

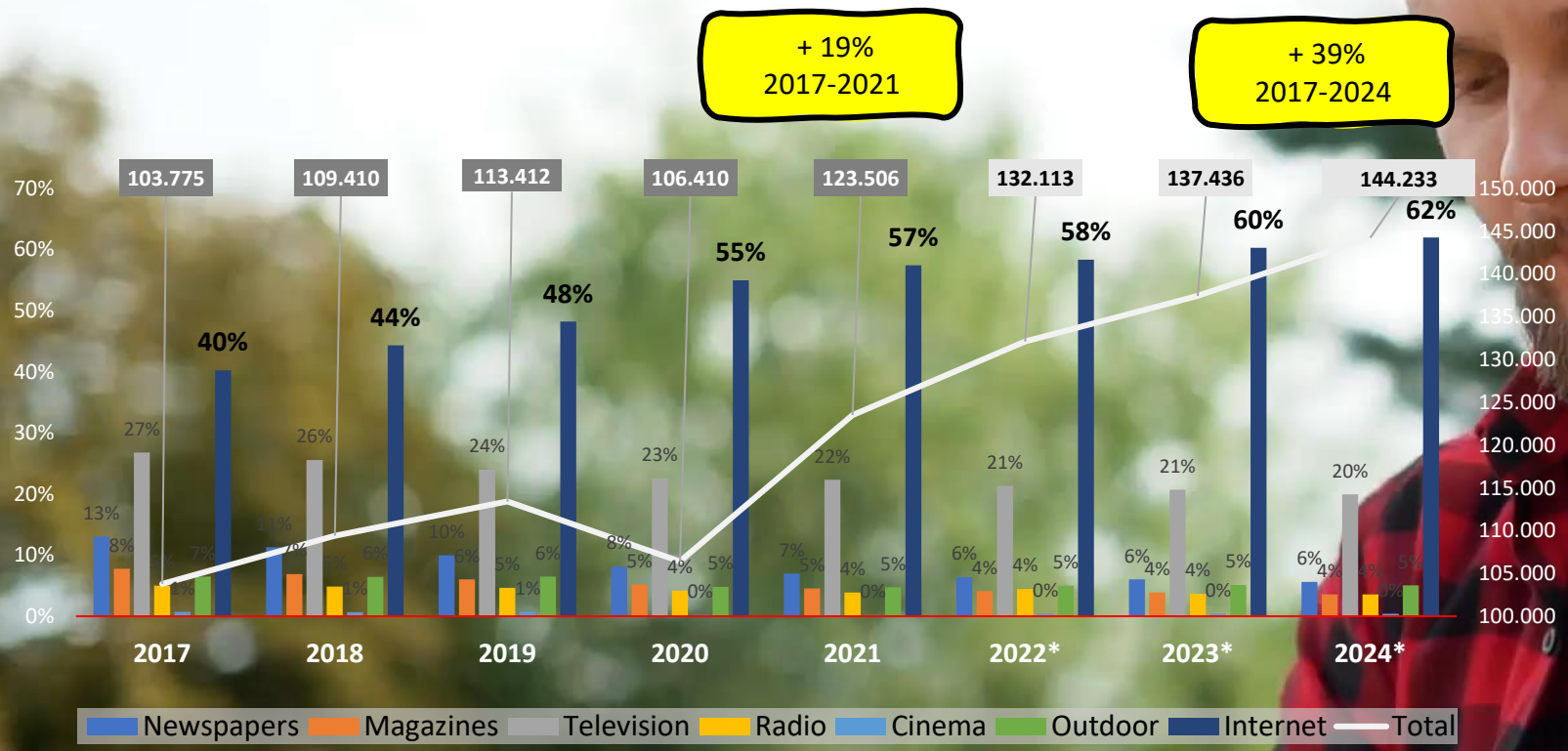





© Per Østergaard Jacobsen
15-07-2022

# Just to shape your senses – $144 billion market in 2024!

*In 2020, Western Europe was estimated to account for 17.3 percent of the global ad spend whereas Central and Eastern Europe for 2.5 percent.*




Marketing spending Western Europe Mio U.S. dollars – Current prices, Source: Zenit Media /Statista



*"We live in a world where there is more and more information,and less and less meaning"*

Jean Baudrillard

# New normal – New standards

*From "Best practice" til "Next practice"*

**Sustainable -** Consumer demands for "what I want, when and where I want it" must be done with minimal environmental costs, especially those related to CO2 emissions, cardboard and packaging. A growing sharing economy creates new opportunities. New mindset at the companies is required – Be careful with "Greenwashing"

**Mobilization –** The rapid growing of smartphones is mobilizing the consumer at an unprecedented pace, creating a new real-time interaction platform.
(RoBo – RoPo effect)

Consumer trends

**D-commerce -** Despite growth in e-commerce, the physical stores will continue to be the channel contributing the most revenue until at least 2026, even the growth has been "turbocharged" during Covid19.

**Health & Health –** More than ever an Increasing interest in self-care and wellness and longer average lifespan create new needs and opportunities.

**Personalization -** Companies will need to improve their capacity/supply to keep up with consumers' increased expectations for targeted and relevant interaction by creating new interaction platforms in real time.

**Fast & simple** - Consumers lack time and seek service and convenience in their daily lives. The easier and faster, the better and fun shopping experience becomes a priority.



© Per Østergaard Jacobsen
15-07-2022

# New normal – New standards
## *Fra "Best practice" til "Next practice"*

*"Driven by their increased interconnectivity, audiences have now become media platforms in their own right.*

*It's now more important than ever to effectively engage these audiences so that they will propel your brand's values, messages and drive loyalty, recommendation and ultimately, sales."*

Yannick Bolloré, Chairman and CEO, Havas Group



© Per Østergaard Jacobsen
15-07-2022

# Retailers mission

- Find
- Win
- Maintain
- Develop
- Regain profitable customers

With an Efficient Marketing ratio

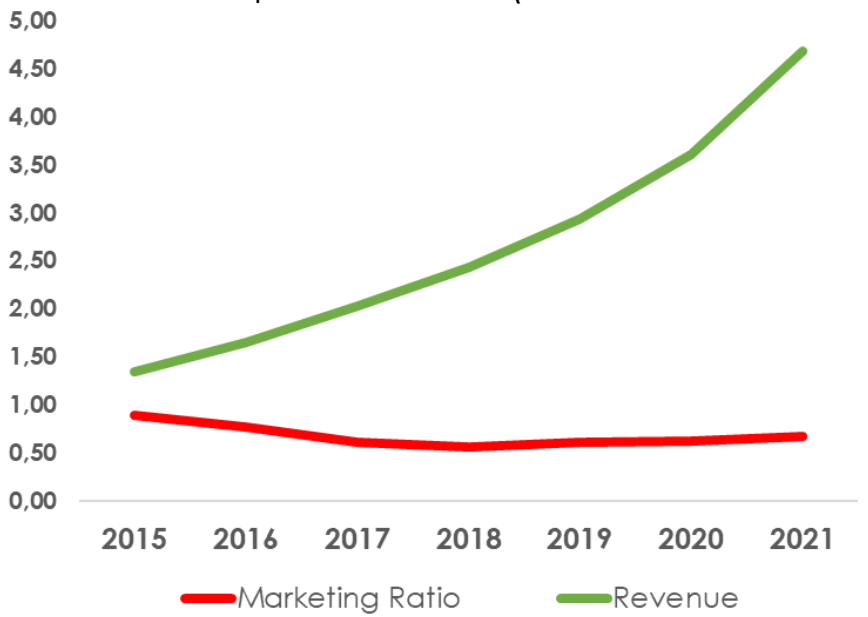
**Avoid Red Queen Marketing!**

*My dear, here we must run as fast as we can, just to stay in place.*

*And if you wish to go anywhere you must run twice as fast as that"*

Lewis Carroll, Through the Looking-Glass

Example – Zalando (10. Billion € revenue)



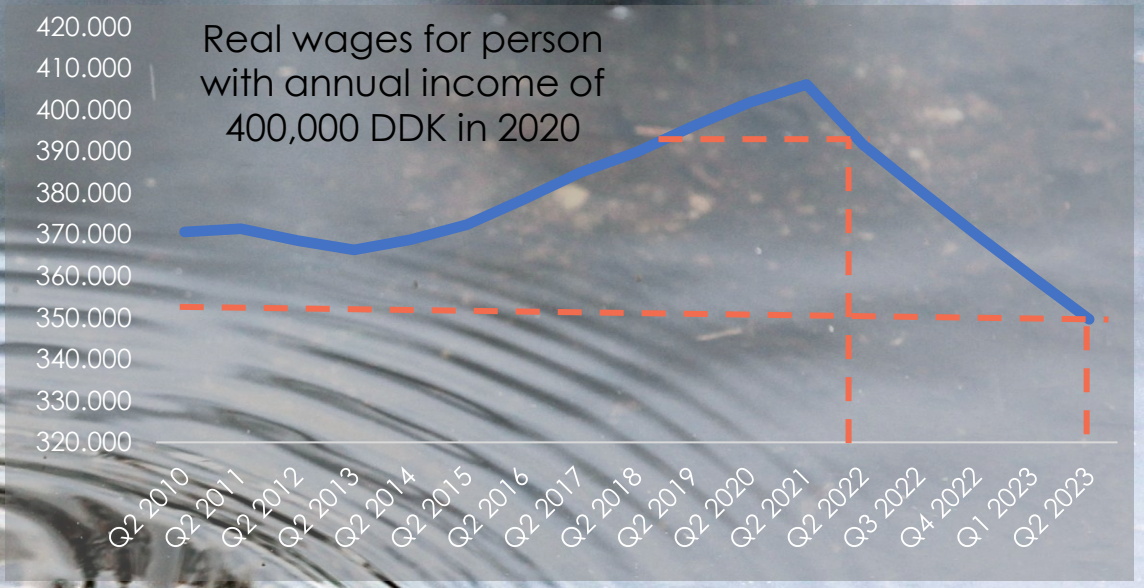

2014 = Index 100



© Per Østergaard Jacobsen
15-07-2022

# Markets right now - Multiplier effect

- War in Ukraine
- Energy crises
- Food crisis 2022
- Inflation
- Stagflation
- New pandemics




Based on – AL Bank and Statics Denmark, existing development projected to Q2 – 2023 (as is)



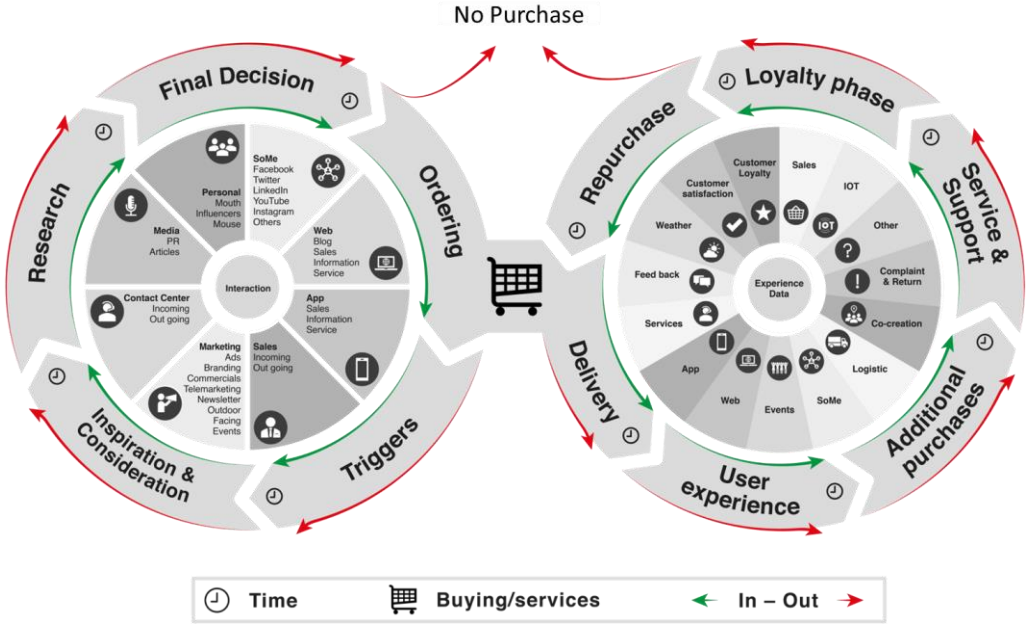
**327.963 DDK** average household income
**45%** for rent, power, heating and water
**12%** for food
**43%** left for consuming
**Before ->** 143.227 DDK
**Now ->** 130.785 DDK



© Per Østergaard Jacobsen
15-07-2022

# Tools…

## Customer Journey



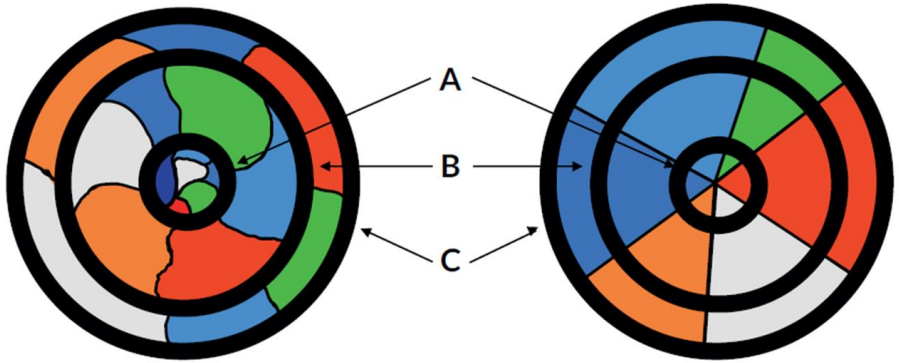

Customer Satisfaction:
CSAT- NPS - CES

Profitability:
Centers: Cost – Profit – Investment
Activity Based Costing (ABC)

## Segmentation

ABC/RFM segmentation:
Non-communication homogeneous segments

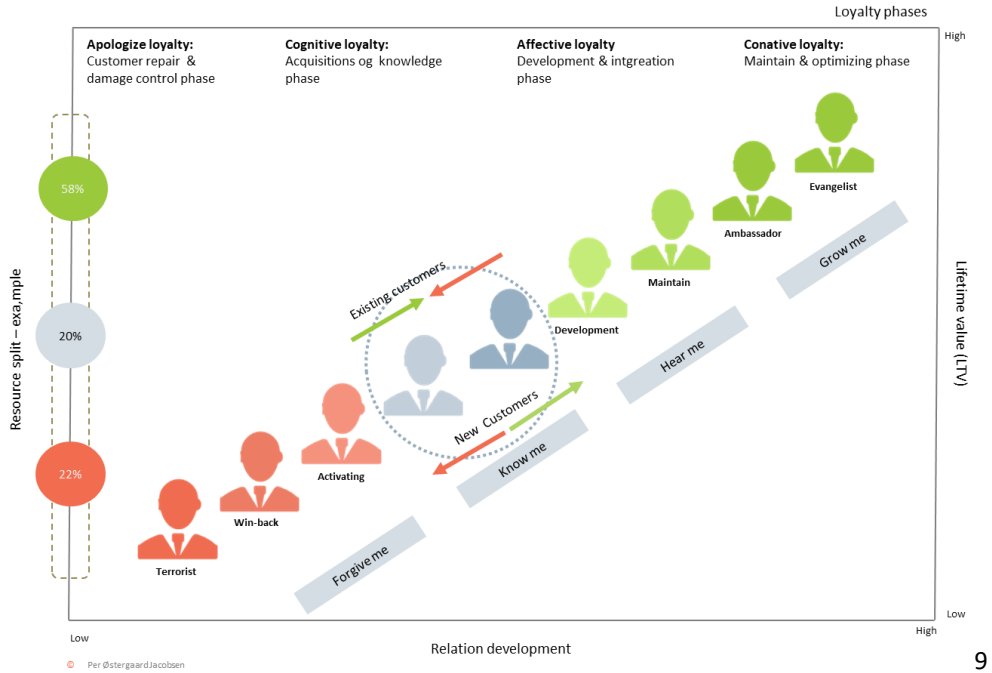
Value based segmentation:
Communication homogeneous segments




A: High profitability
B : Profitable
C: Low profitablity

Kundeværdi #1 Kundeværdi #2 Kundeværdi #3
Kundeværdi #4 Kundeværdi #5 Kundeværdi #6

## Loyalty

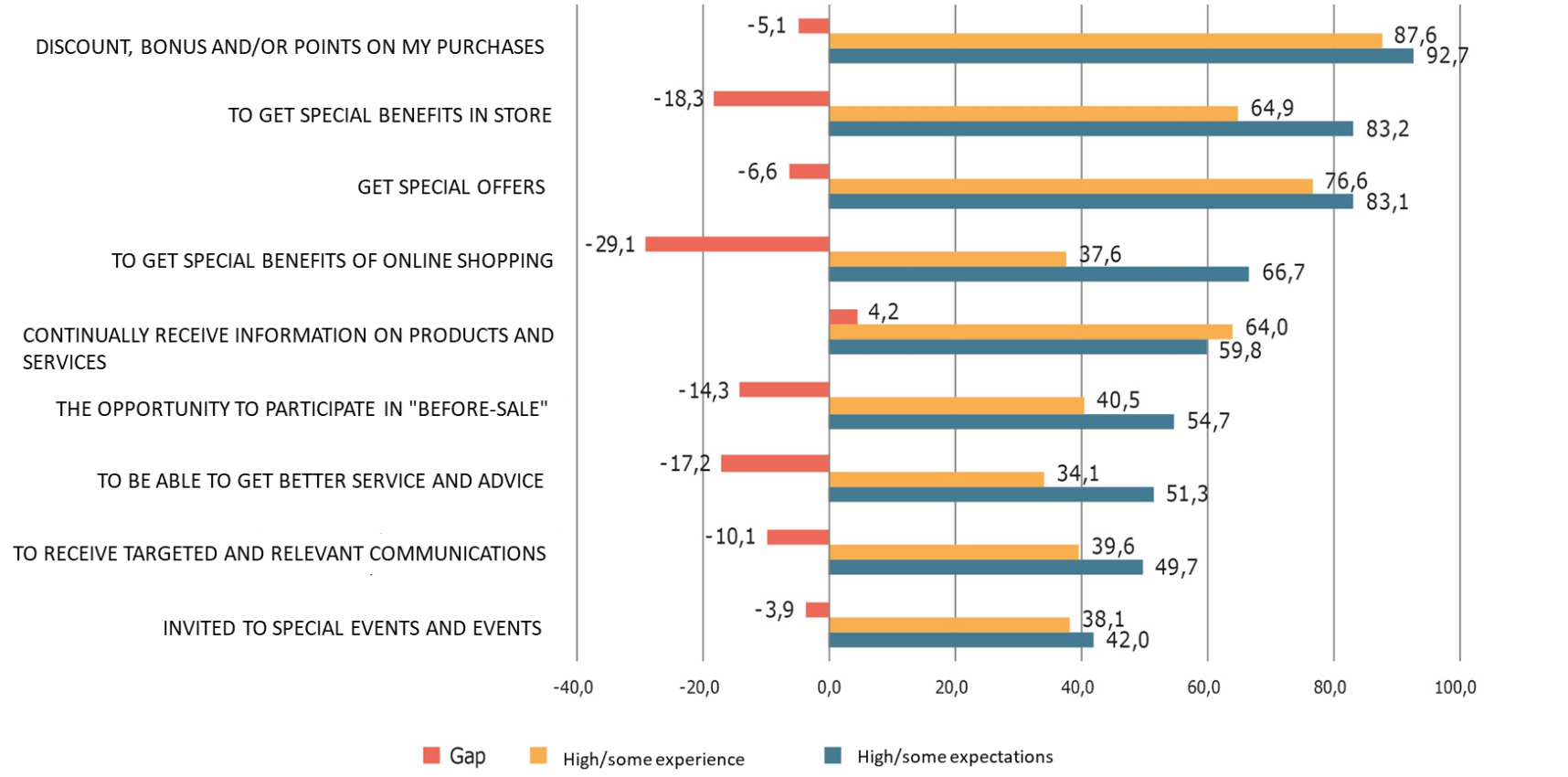





© Per Østergaard Jacobsen
15-07-2022

# Learnings from loyalty …

Members‘ expectations versus experiences …

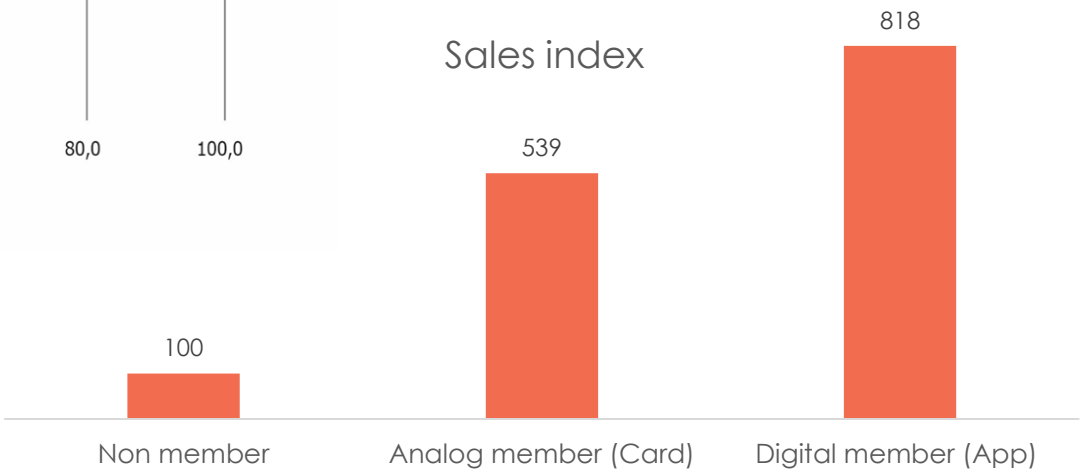


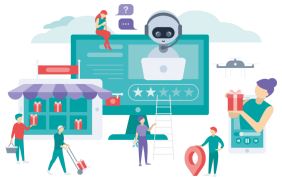




Based on + 270.000 interviews with royalty members in retail. Plus, analytics of + 12.000 text comments and 570.000 Facebook post.

Case: Retailer + % 5 billion €



© Per Østergaard Jacobsen
15-07-2022

# Trends

- AI, AR ,VR
- Data, data, data
- Live Shopping
- Mindsets
- Predictive & Prescriptive analytics
- Softpay

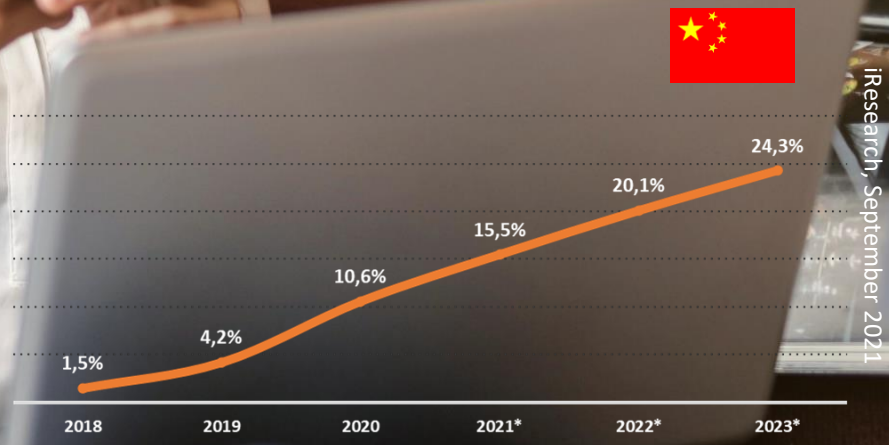
*"In China, e-commerce is not a dessert. It's become the main course"*

Jack Ma, Cofounder of Alibaba

There is limited research in Live-stream shopping
An exciting observation is that live streaming has become a new service on SoMe trading platforms that allows even small shops/sellers to sell products online without a massive technological and investment set-up.

Compared to the traditional digital commerce, it seems that the interpersonal interaction is an important feature of online live shopping.






Share of live shopping in online shopping

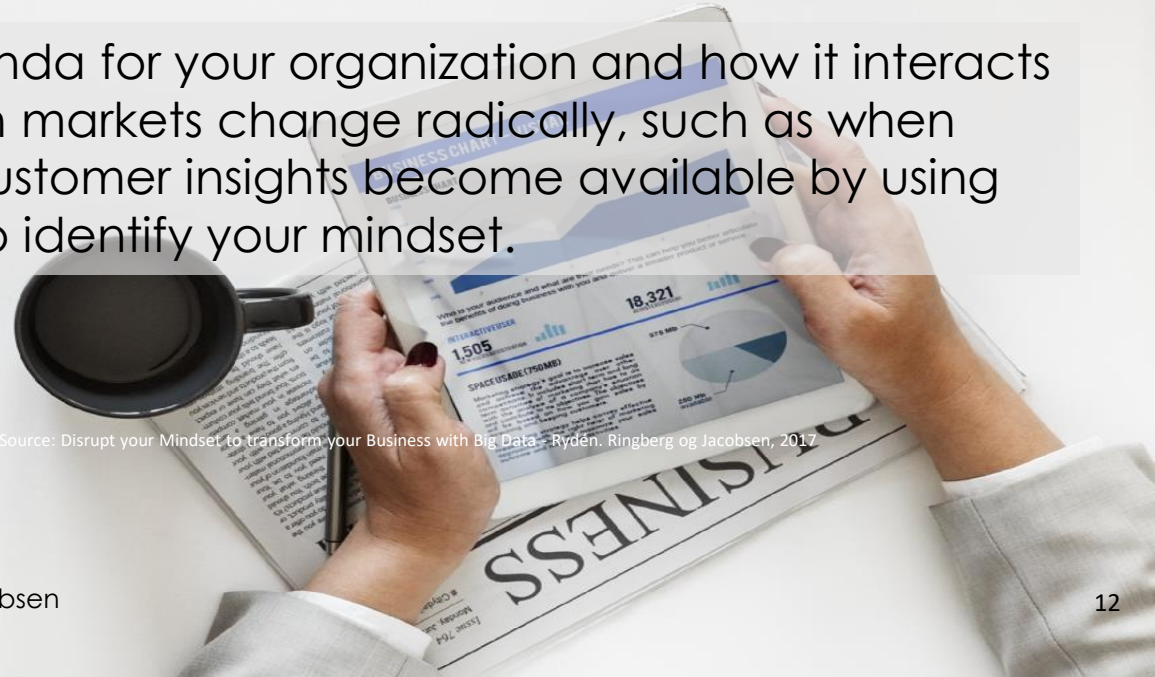
# Digital Darwinism?

Everyone talks about how (Big) Data disrupts industries and organizations, but they forget to ask the central question:

***How can managers work with their cognitive frameworks to improve the organizational conditions for creating value with Data & digitalization?***

Your mindset as a manager sets/influences the agenda for your organization and how it interacts with the customers and market. Especially when markets change radically, such as when disruptive business models emerge and/or new customer insights become available by using (Big) Data, it is mandatory to identify your mindset.





Source: Disrupt your Mindset to transform your Business with Big Data - Rydén. Ringberg og Jacobsen, 2017

# When you become aware of your managerial mindset

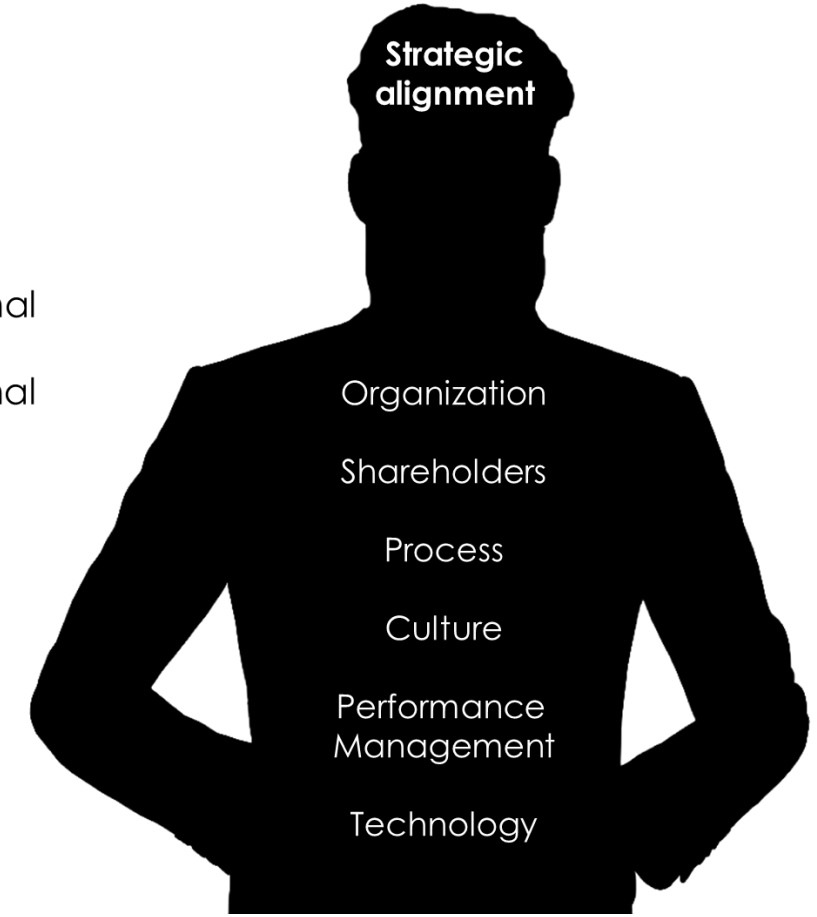
1. It is easier to make informed decisions and be open to alternative perspectives.

2. It is easier to experiment with changing your thinking and perspective.

3. It is easier to create a mental alignment process among your team members, the company's strategic orientation, and what consumers prefer, so you pull in the same direction.

**Input**
Market paradigms

- Transactional
- Informational
- Relational
- Communal




**Output**
Big Data mindsets

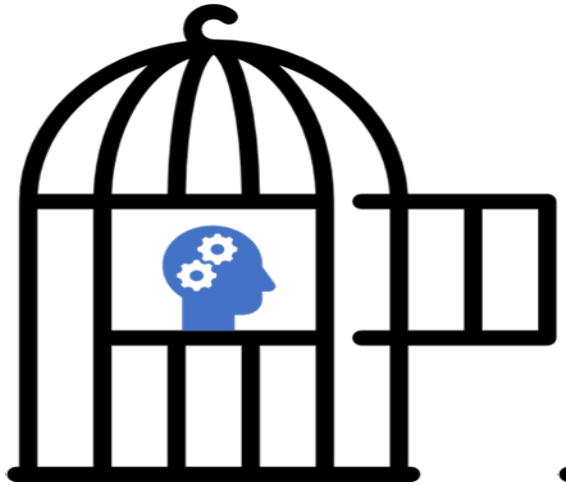
- Promote &Sell
- Listen & Learn
- Connect & Collaborate
- Empower & engage

Source: Disrupt your Mindset to transform your Business with Big Data - Rydén. Ringberg og Jacobsen, 2017



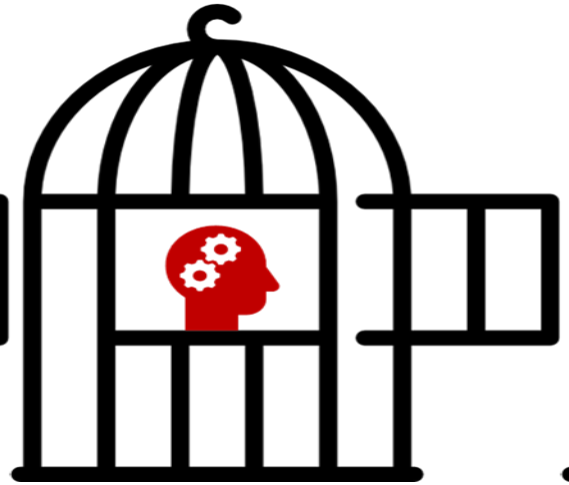
# Mind your mindset! Management and market paradigms:

## Transactional



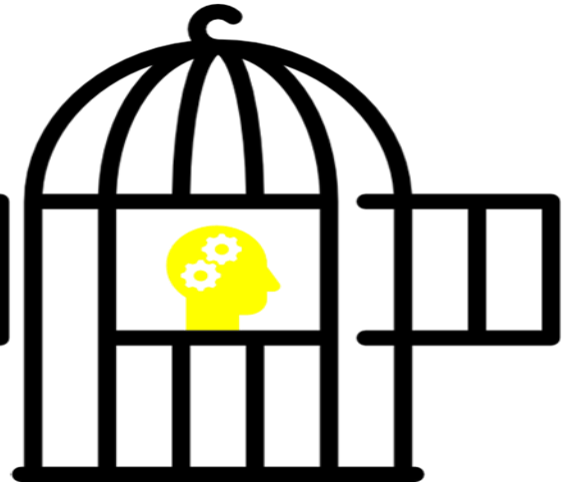
**Promote and sell** mindset is associated with self-expression and an internal focus that are projected upon the world. This means that the development of products/services relies on in-house expertise, and new technology & data is used as a tool to promote your products/ services to the consumers.

## Informational



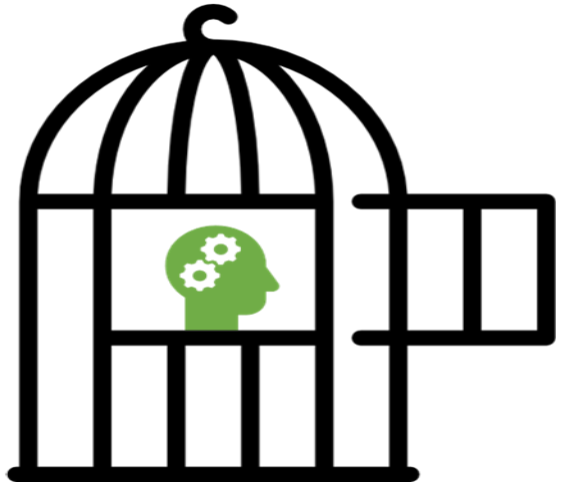
**Listen & Learn** mindset is associated with being observant toward consumers' thoughts and emotions. Insights into consumer preferences, needs and motivations are gathered to deliver more meaningful products/ services.

## Relational



**Connect & Collaborate** mindset is associated with developing new ideas with stakeholders, trusting their perspectives and inviting them along on a journey of collaboration. New technology & data is used to attain new and visionary insights from stakeholders.

## Communal



**Empower & Engage** mindset represents a holistic and empathetic approach to business and its interaction with the broader community.
The green mindset uses new technology & data to improve a renewal, sustainable, and ethical interaction with all stakeholders.

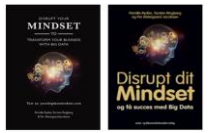
Source Disrupt your Mindset to transform your Business with Big Data - Rydén, Ringberg og Jacobsen, 2017



Challenge – We do not see the world as it is, but as we are!

© Per Østergaard Jacobsen
15-07-2022

| Interaction | B - to - C | B- from - C | B – with - C | B - for - C |
|---|---|---|---|---|
|  |  |  |  |  |
| *Strategy* | Promote & Sell | Listen & Learn | Connect & Collaborate | Empower & Engage |
| *Customer approach* | Passive | Active | Proactive | Interactive |
| *Business approach* | Bombardment | Retainment | Engagement | Empowerment |
| *Value* | Attention | Intelligence | Creative skills | Responsibility |
| *Time* | Short-term | Long-term | Project-based | Indefinite |
| *Market logic* | Transaction | Information | Relation | Community |







AMAZON


DELTA AIRLINES


LEGO

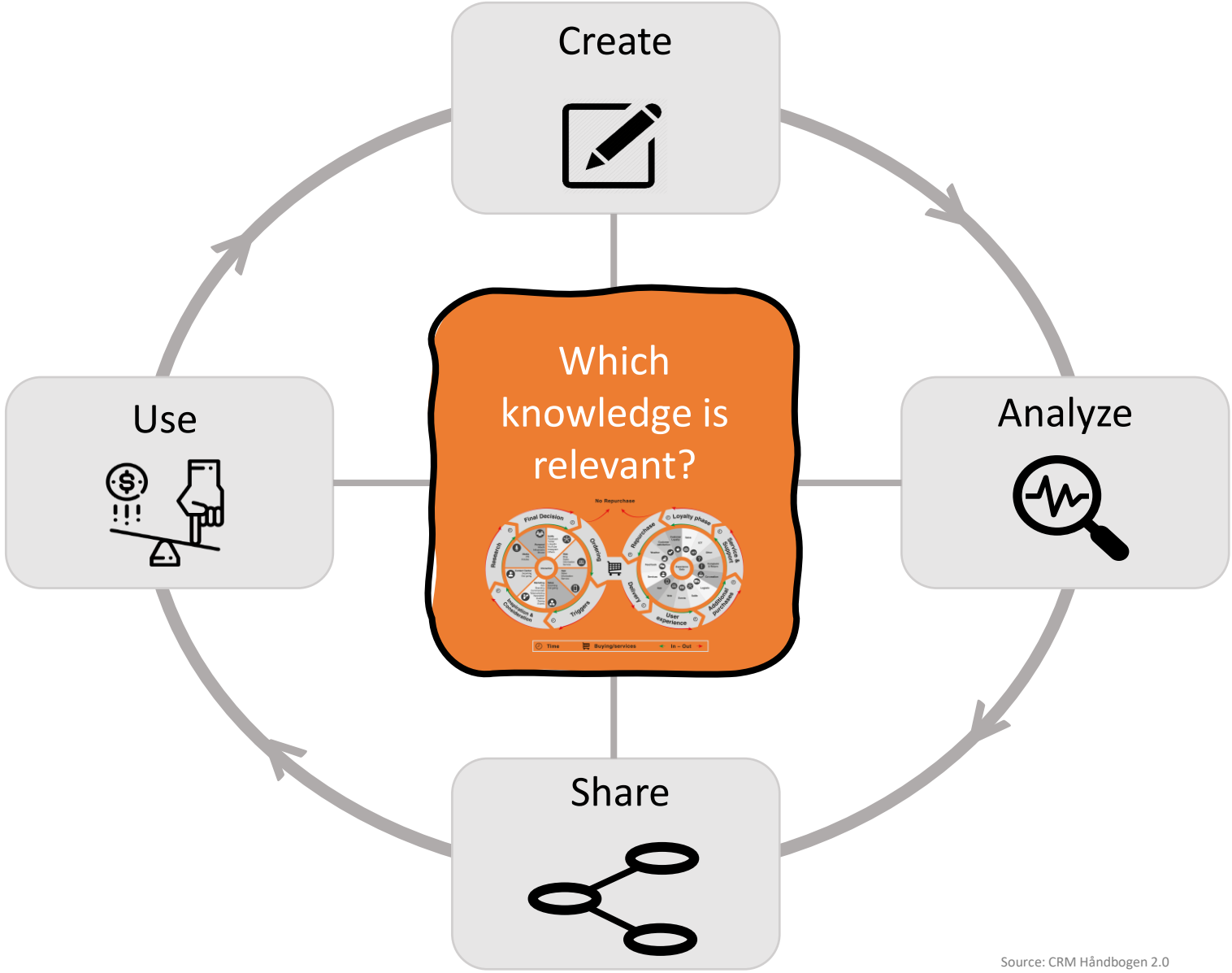

Ørsted

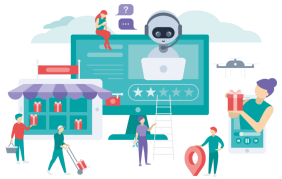
Source Disrupt your Mindset to transform your Business with Big Data - Rydén, Ringberg og Jacobsen, 2017

© Per Østergaard Jacobsen
15-07-2022

# Data must be strategically anchored

Working with data is a strategic decision!



Source: CRM Håndbogen 2.0

*Don't try to change your customers - help them*

- Professor Clayton Christensen, Harvard Business School



© Per Østergaard Jacobsen
15-07-2022

*"Profit in business comes from repeat customers, customers that boast about your product or service, and that bring friends with them."*

W. Edwards Deming

# Thank you


pja@efficiens.nu

poj.marktg@cbs.dk




efficiens