Emotional Connection: The Top Line

Alan Zorfas, Motista Co-Founder
Motista’s Predictive Intelligence Enables Business Leaders to Accelerate Growth by Activating Emotional Connection

- Big Data tying emotion to profitable behaviors.
- Used by Fortune 1000 companies in retail, CPG, QSR, financial services, health, hospitality, pharma, media
A voice for “Emotional Connection” activation.

**The New Science of Customer Emotions**: A better way to drive growth and profitability

**How Emotional Connection is Helping Companies Win the Battle for Organic Growth**

**An Emotional Connection Matters More Than Customer Satisfaction**

**Emotional Connection**: A predictive Metric for CFOs

**From Promotion to Emotion**: Connecting B2B Customers to Brands
Growth Is Hard To Come By


Traditional organic growth strategies not yielding results:
↓ Little differentiation
↓ Customer Satisfaction a cost of entry
↓ “Brand Health” goes up, sales flat
↓ Innovations rapidly emulated
Emotional Connection Predicts Customer Value

Percentages show the average difference in annual purchase value by customers, with "Highly Satisfied" as the baseline.

Source: Motista's Big Data on 500+ Brands in 40+ Industries
## Consumer

Emotional Connection predicts profitable behavior.

<table>
<thead>
<tr>
<th>Category</th>
<th>Business Result</th>
<th>Highly Satisfied Customers</th>
<th>Emotionally Connected Customers</th>
<th>EC Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Retail</td>
<td>Purchases Per Year</td>
<td>16.5</td>
<td>25.1</td>
<td>1.5x</td>
</tr>
<tr>
<td>Department Store</td>
<td>Annual Purchases from Brand</td>
<td>6.9</td>
<td>12.4</td>
<td>1.8x</td>
</tr>
<tr>
<td>Hotel</td>
<td>Annual Room Nights w/ Brand</td>
<td>2.5</td>
<td>3.5</td>
<td>1.4x</td>
</tr>
<tr>
<td>Credit</td>
<td>Annual Spend w/ Card</td>
<td>$5,280</td>
<td>$8,819</td>
<td>1.7x</td>
</tr>
<tr>
<td>Quick Serve Restaurants</td>
<td>Annual Visits w/ Brand (Core Users)</td>
<td>53.8</td>
<td>163.9</td>
<td>3.0x</td>
</tr>
<tr>
<td>Home Cleaning Products</td>
<td>Annual Purchases of Brand</td>
<td>9.4</td>
<td>19.1</td>
<td>2.0x</td>
</tr>
</tbody>
</table>

Source: Motista’s Big Data on 500+ Brands in 40+ Industries
# B2B

Emotional Connection predicts enterprises purchases.

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</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Software</td>
<td>Annual System Purchases</td>
<td>1.9</td>
<td>3.8</td>
<td>2.0x</td>
</tr>
<tr>
<td>Management Consulting</td>
<td>Annual Engagements</td>
<td>3.8</td>
<td>4.9</td>
<td>1.3x</td>
</tr>
</tbody>
</table>

Source: Motista's Big Data on 500+ Brands in 40+ Industries
We’re sold on emotion. So, what has to change?
Emotion is business currency, but we don’t manage it like business.

Emotion is abstract and subjective.

Emotion has not tied directly to transactional and financial data.

We are “believers” in emotion, but how do we help C-level executives buy-in?
How do we operationalize Emotional Connection?

<table>
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<tr>
<th>Growth Opportunities</th>
<th>Key Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand Positioning</strong>&lt;br&gt;Position your brand to own precise emotions that most drive business results</td>
<td><strong>Pervasive strategy for growth acceleration</strong></td>
</tr>
<tr>
<td><strong>Customer Acquisition</strong>&lt;br&gt;Target prospects most likely to become Emotionally Connected customers</td>
<td><strong>Grow ROI on Acquisition Spending</strong></td>
</tr>
<tr>
<td><strong>Customer Value</strong>&lt;br&gt;Use Emotional Connection to increase spend, pricing power, retention and advocacy</td>
<td><strong>Grow Customer Lifetime Value</strong></td>
</tr>
<tr>
<td><strong>Customer Facing Execution</strong>&lt;br&gt;Prioritize investments – product, experience and marketing – to grow Emotional Connection</td>
<td><strong>Grow ROI on Customer-Facing Investments</strong></td>
</tr>
<tr>
<td><strong>KPI Measurement</strong>&lt;br&gt;Measure and optimize Emotional Connection KPIs inside your company</td>
<td><strong>Increase Long-Term Growth Rate</strong></td>
</tr>
</tbody>
</table>
How did one company do it?
Retail Case Study

From Promotion to Emotion

$3b National Apparel Retailer Trying to Top 2% Same Store Sales

Performing at par in segment with 3-4% market share:
- Fixed marketing budget spent on traffic-building
- Heavy reliance on margin-eroding promotion
- Targeting “attractive” segment based on income and style
- Keeping up with omni-channel capabilities
- Emphasis on easy “in and out” shopping experience
Acquire and Monetize Emotional Segments

Maximize ROI on customer acquisition
Drive customer value

- Most profitable targets lower income, more diverse
- And they LOVE shopping

2:1 Spend/Size Ratio

Greater ROI (spend, share-of-wallet, retention)
They Prioritized Customer Investments to Grow Emotional Connection

Deliver Critical Emotions

Emotions that predict profitable customer behaviors.

Invest in Key Touch Points

Touch points that grow Emotional Connection.

Acquire + Monetize

Consumers most likely to become Emotionally Connected
Prioritize Customer Investments to Grow Emotional Connection

**Deliver Critical Emotions**
- Emotions that predict profitable customer behaviors.

**Invest in Key Touch Points**
- Touch points that grow Emotional Connection.

**Acquire + Monetize**
- Consumers most likely to become Emotionally Connected.
Deliver Critical Emotions

The emotions most predicting gains in customer value for a segment

**An Indulgence**

She desires an experience that makes her feel she’s getting something she desires, not just something she needs.

**Feel More Creative**

She identifies with retailers that help her express her creative side, and enables that process through merchandise and customer experience.

*Example: Fashion Apparel*
Retailer’s Emotional Connection “Lens”

An Indulgence

Feel More Creative

In-Store

Digital & Mobile

Merchandise

Marketing
Prioritize Customer Investments to Grow Emotional Connection

Deliver Critical Emotions
Emotions that predict profitable customer behaviors.

Invest In Key Touch Points
Touch points that grow Emotional Connection.

Acquire + Monetize
Consumers most likely to become Emotionally Connected
Invest In Key Touch Points

Most growing Emotional Connection across the “journey.”

Opportunity
- Customer Content
- Personalized Offers
- Easy to Try on Shoes
- Easy to return online purchases in-store
- Buy Online, Ship to Home

Leverage
- Relatable Sales Associates
- “Pin” Ideas Online

Monitor
- Web Shopping Cart
- Easy to Try on Shoes

Table Stakes
- Easy to Redeem Points
- Favorable Shipping Fees
Prioritize Customer Investments to Grow Emotional Connection

Deliver Critical Emotions

Emotions that predict profitable customer behaviors.

Invest In Key Touch Points

Touch points that grow Emotional Connection.

Acquire + Monetize

Consumers most likely to become Emotionally Connected
## ROI Example

Average values per acquired customer

<table>
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<tr>
<th></th>
<th>Prior Targeting</th>
<th>Emotional Targets</th>
<th>Lift</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Cost</td>
<td>$9.50</td>
<td>$10.25</td>
<td>-</td>
</tr>
<tr>
<td>Annual Margin</td>
<td>$62</td>
<td>$91</td>
<td>46%</td>
</tr>
<tr>
<td>Tenure</td>
<td>3.4 Years</td>
<td>4.1 Years</td>
<td>21%</td>
</tr>
<tr>
<td>Lifetime Margin</td>
<td>$211</td>
<td>$374</td>
<td>77%</td>
</tr>
</tbody>
</table>
Measuring Their Emotional Connection KPI

You manage what you measure

<table>
<thead>
<tr>
<th>“Active” Customers</th>
<th>EC KPI</th>
<th>Attrition Rate</th>
<th>Annual Spend</th>
<th>Advocacy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.7M to 12.3M</td>
<td>21% to 26%</td>
<td>37% to 33%</td>
<td>$281 to $300</td>
<td>24% to 30%</td>
</tr>
</tbody>
</table>

- Composition of Emotionally Connected Customers
- Customized EC Lens
- Compare segments, channels, regions and competition
- Operational metric (tied to transactional data)
- Closed loop for continuous improvement

Growth in Customer Value: 2 Years

- Increase in “Active” Customers: 10.7M to 12.3M
- Reduction in Attrition Rate: 21% to 26%
- Increase in Annual Spend: $281 to $300
- Increase in Advocacy Rate: 24% to 30%
Activation

“Our company is outperforming the industry and investing in a 9 figure financial prize over five years.”

--CEO

- Campaigns
- Loyalty & Rewards
- Real Estate Investments
- Merchandise
- Digital Targeting & Media
- Employee Engagement
Emotional Connection Scores™ For Brands

Average ECS = 28%

Opportunity For Growth

Source: Motista’s Big Data on 500+ Brands in 40+ Industries
Where is the insights opportunity to change the equation?

Companies Struggling to Achieve Top-Line Growth
Growth rate at 2%.

For Growth Strategy & Brand Consultants Agencies

Insights Feeds the Process

1. Invest in “strategic intelligence” on Emotional Connection
2. Tie everything to business growth strategy
3. Evaluate everything customer-facing as an investment
4. Build the business story
5. Establish KPIs
Thank You
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Emotional Connection. The Top Line.

Most of us admire Steve Jobs and the tangible impact his "emotional connection" had on consumer behavior and, as a result, on Apple's growth and world-leading market cap.

But what does that look like for all the other companies that can't wait for the next Steve Jobs to arrive?

What Jobs did intuitively insights professionals need to accomplish within their own companies. Not just for themselves, but to empower executive leaders to "lean in on emotion" to accelerate top line growth.

This presentation will use data on Emotional Connection and walk through an actual case example to show how business and insights leaders across industries can leverage Emotional Connection to impact the top line...and feel a little bit more like Steve Jobs.