



Emotional Connection: A Predictive Metric For CSOs

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Outline

- ↓ Motista Introduction
- ↓ The Organic Growth Disconnect
- ↓ Emotional Connection: A Predictive Metric
- ↓ Activating Emotional Connection
- ↓ Operationalization
- ↓ The CSO's Role

Motista Introduction



Motista's Predictive Intelligence Enables Business Leaders to Accelerate Growth by Activating Emotional Connection

Big Data tying emotion to profitable behavior.

Solutions generating up to 100% gains in customer value.

Industry Experience

↓ Financial Services

↓ Restaurants

↓ Business Technology

↓ Insurance

↓ Hotels

↓ Media

↓ Retail

↓ Casinos

↓ Consumer Packaged
Goods

↓ Healthcare

↓ Consumer Electronics

Recognition

The logo for Harvard Business Review, consisting of the text "Harvard Business Review" in white on a red square background.

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

The logo for Harvard Business Review, consisting of the text "Harvard Business Review" in white on a red square background.

An Emotional Connection Matters More Than Customer Satisfaction

The logo for CFO, consisting of the letters "CFO" in white on a grey square background.

Emotional Connection: A predictive Metric for CFOs

The logo for "think with Google", with "think" in a grey sans-serif font and "with Google" in a smaller, multi-colored font below it.

From Promotion to Emotion: Connecting B2B Customers to Brands

Growth Is Hard To Come By

S&P 500 revenue growth just 2% 2013-2016(F).

Traditional organic growth strategies not yielding results:

- ↓ Customer Satisfaction now a cost of entry
- ↓ Increased price competition and reduced loyalty due to little functional differentiation and online alternatives
- ↓ Digital revolution intensifies challenges and complicates opportunities

Cost cutting, buybacks and dividends cannot generate shareholder value in the long term.

The Organic Growth Disconnect

The Organic Growth Disconnect

Customer Motivations

- Emotional
- Unspoken

Buying Behavior

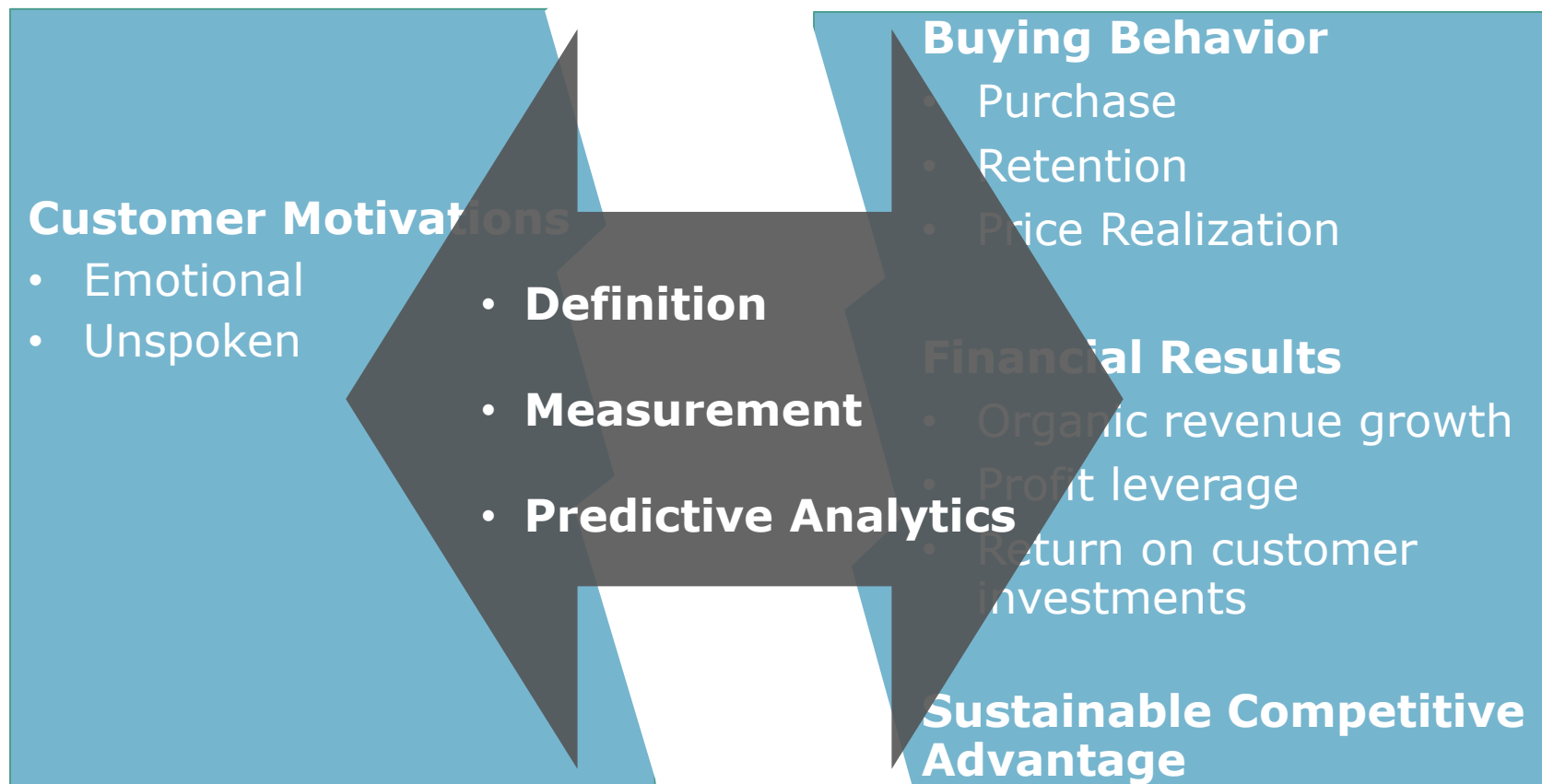
- Purchase
- Retention
- Price Realization

Financial Results

- Organic revenue growth
- Profit leverage
- Return on customer investments

Sustainable Competitive Advantage

The Organic Growth Disconnect



“Genome of Human Emotion”: 300+ emotions

- Standardized definitions and measurement



Big Data Analytics on Emotional Connection and Behavior

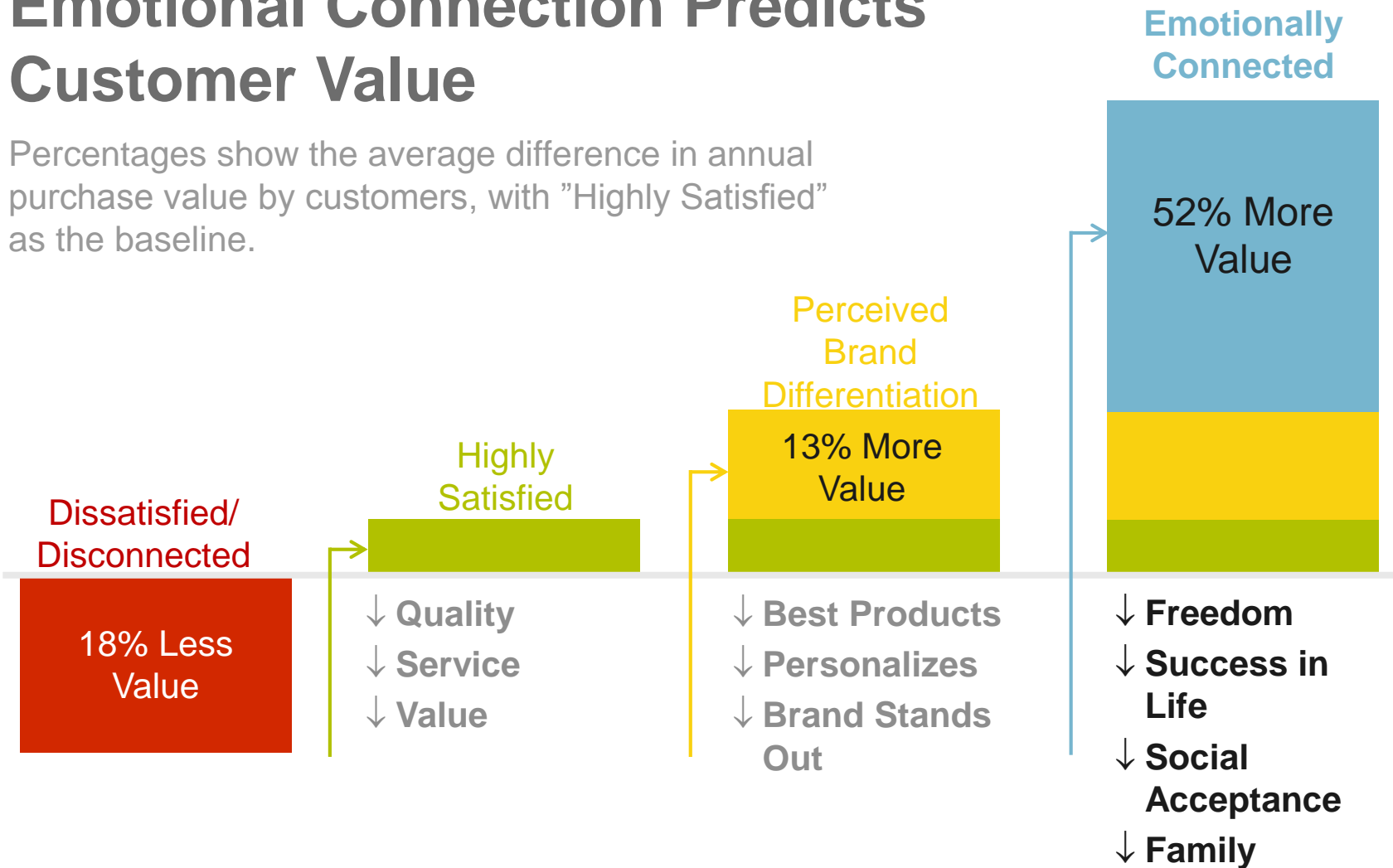
8 Years	500+ Brands	1.5 M+ Customers
40+ Industries	B2C and B2B	1 B+ Data Points



Emotional Connection: A Predictive Metric

Emotional Connection Predicts Customer Value

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



In Retail...

Category	Business Result (Per Year)	Highly Satisfied Customers	Emotionally Connected Customers	EC Multiplier
Online	Purchases	16.5	25.1	1.5x
Athletic Apparel	Spend with Brand	\$158	\$277	1.8x
Luxury Apparel	Spend with Brand	\$699	\$1,423	2.0x
Department Store	Purchases from Brand	6.9	12.4	1.8x
Big Box Retail	Purchase Visits	18.1	25.3	1.4x
Footwear	Spend with Brand	\$104	\$211	2.0x

In Financial Services...

Category	Business Result	Highly Satisfied Customers	Emotionally Connected Customers	EC Multiplier
Consumer Banking	Products with Bank	3.1	4.3	1.4x
Credit	Annual Spend on Card	\$5,280	\$8,819	1.7x
Investment Brokerage	Annual Attrition Rate	7%	2%	0.3x
P&C Insurance	Policies with Brand	1.5	1.9	1.3x

In Consumer Packaged Goods, Restaurants, Hotels, Technology...

Category	Business Result (Per Year)	Highly Satisfied Customers	Emotionally Connected Customers	EC Multiplier
Home Cleaning Products	Purchases of Brand	9.4	19.1	2.0x
Quick Serve Restaurants	Spend with Brand	\$134	\$201	1.5x
Hotels	Room Nights with Brand	2.5	3.5	1.4x
Mobile Device	App Store Purchases	64	117	1.8x

In B2B...

Category	Business Result (Per Year)	Highly Satisfied Customers	Emotionally Connected Customers	EC Multiplier
Enterprise Software	System Purchases	1.9	3.8	2.0x
Management Consulting	Engagements	3.8	4.9	1.3x

Emotional Connection drives

- Higher annual purchases
- Higher year-to-year retention/loyalty
- Lower price sensitivity



- Higher customer lifetime value
- Higher return on customer-facing investments

Activating Emotional Connection

Activating Emotional Connection

For Growth

- **Measurement**
- **Precision**
- **Operationalization**



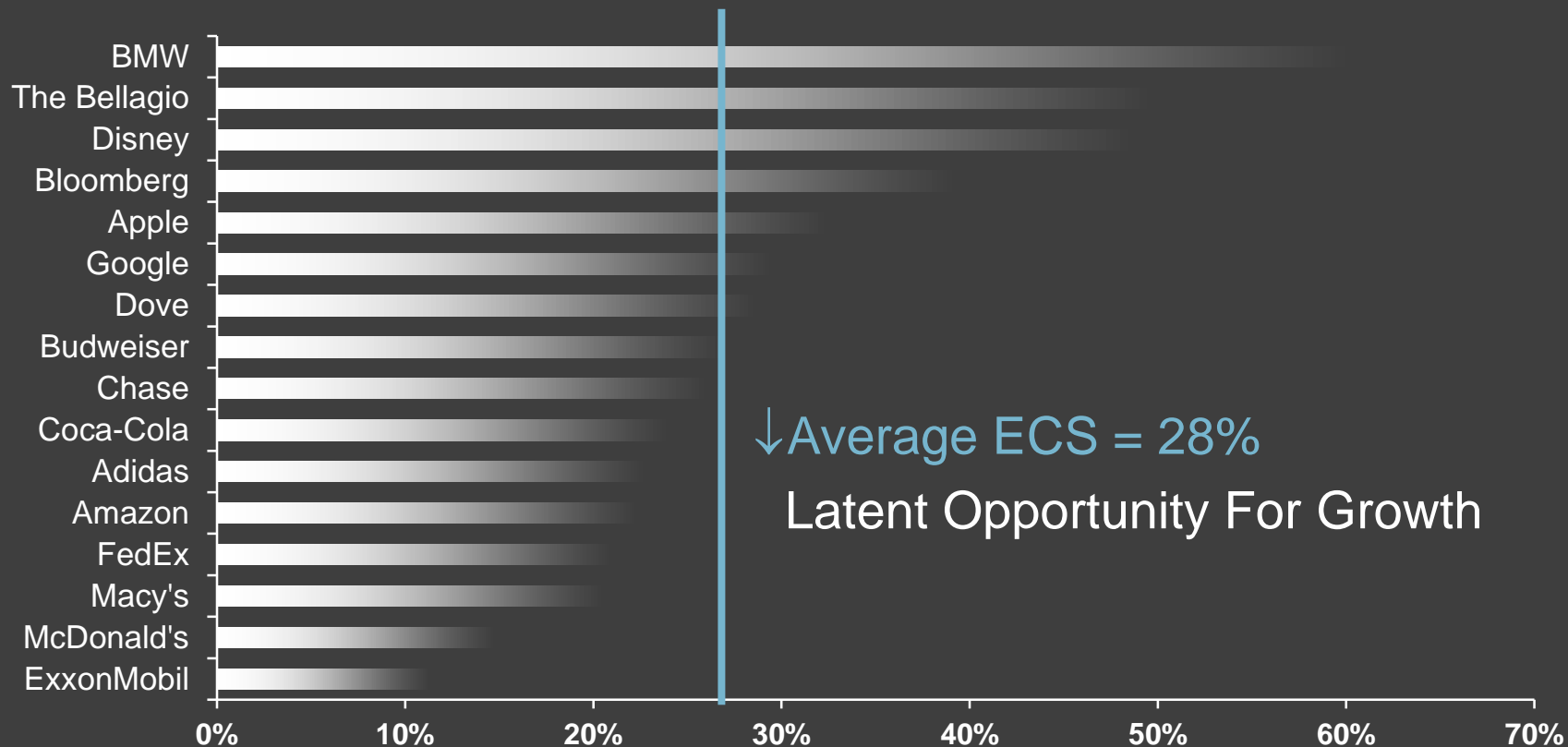
Measurement: Emotional Connection Score™ (ECS)

Measured by brand.

Shows percentage (%) of a firm's customers who are Emotionally Connected today.



Emotional Connection Scores™ For Various Brands

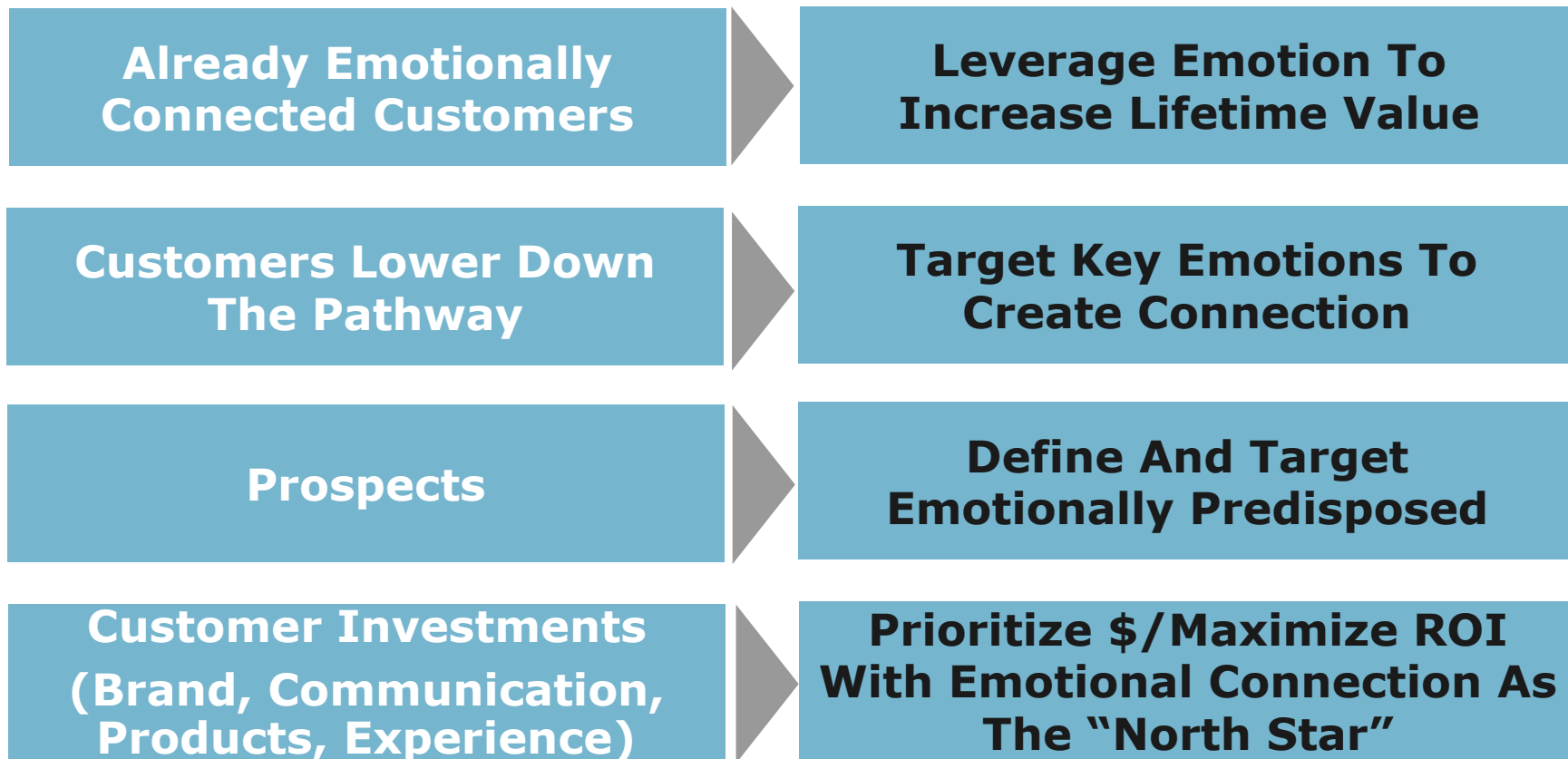


Measure Your Emotional Connection Score

You manage what you measure

- ↓ Across segments, channels, and regions
- ↓ Versus competitors
- ↓ Predictive operational metric on the dashboard
- ↓ Closed loop for continuous improvement

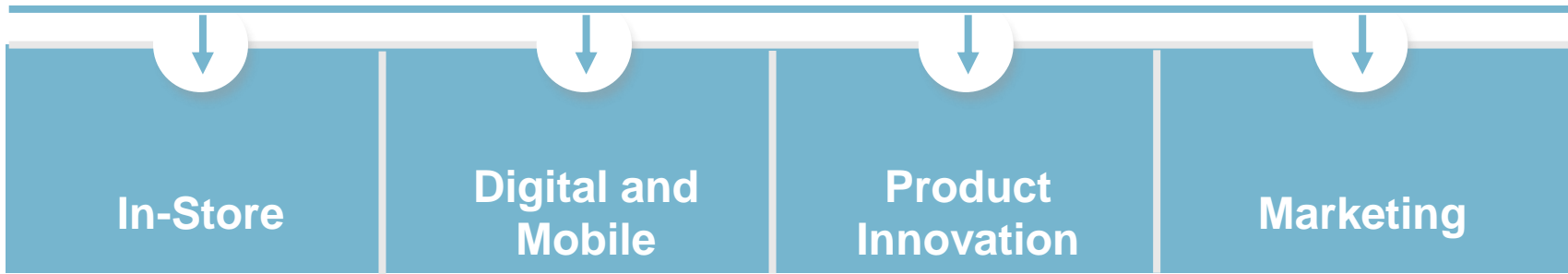
How Emotional Connection Drives Revenue And Profit Growth



Precision: A Retailer's Emotional Connection "Lens"

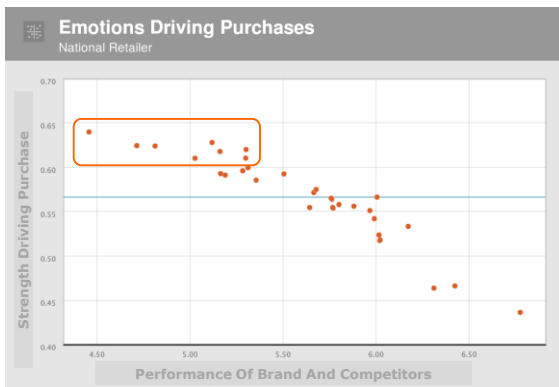
An Indulgence

Feel
More Creative



Precision: Deliver The Critical Emotions

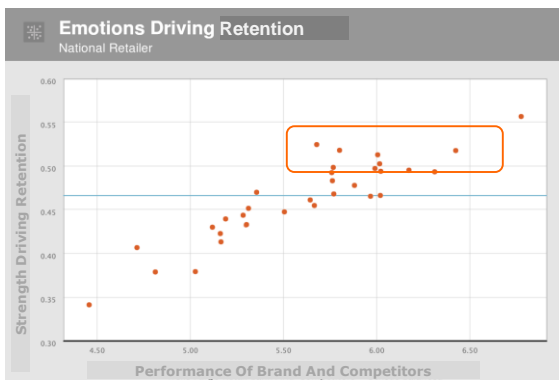
The emotions predicting gains in customer value



Purchase

Feel More Creative

She identifies with retailers that help her express her creative side, and enhance her unique identity.



Retention

An Indulgence

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

Precision: A Retailer's Emotional Connection "Lens"

An Indulgence

Feel
More Creative



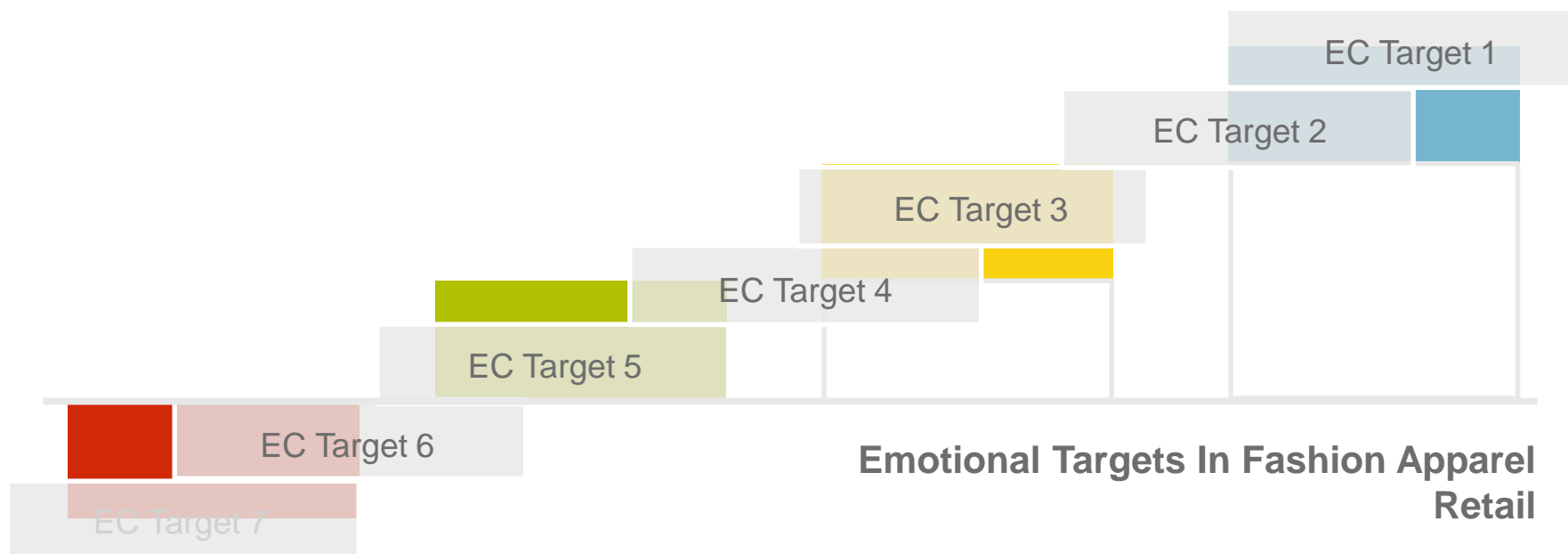
After first full year of implementation:

- Store traffic from -4% to +3%
- Average annual spend/customer +14%
- Gross margin +175 bp (less discounting)
- Customer tenure +24% (lower attrition)

Operationalization

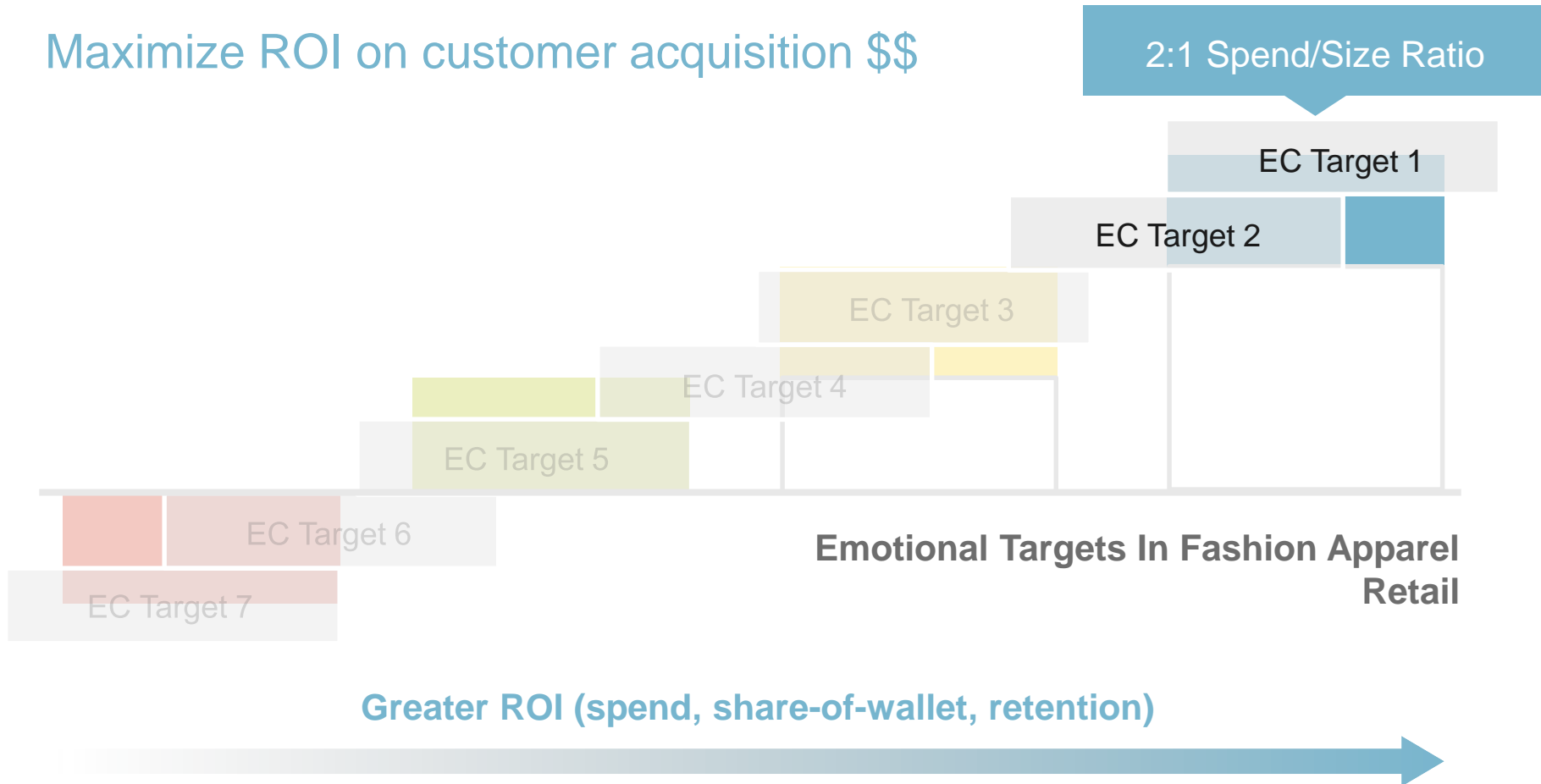
Operationalization: Acquire Emotional Targets

Maximize ROI on customer acquisition \$\$



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Maximize ROI on customer acquisition \$\$



Prospecting ROI Example

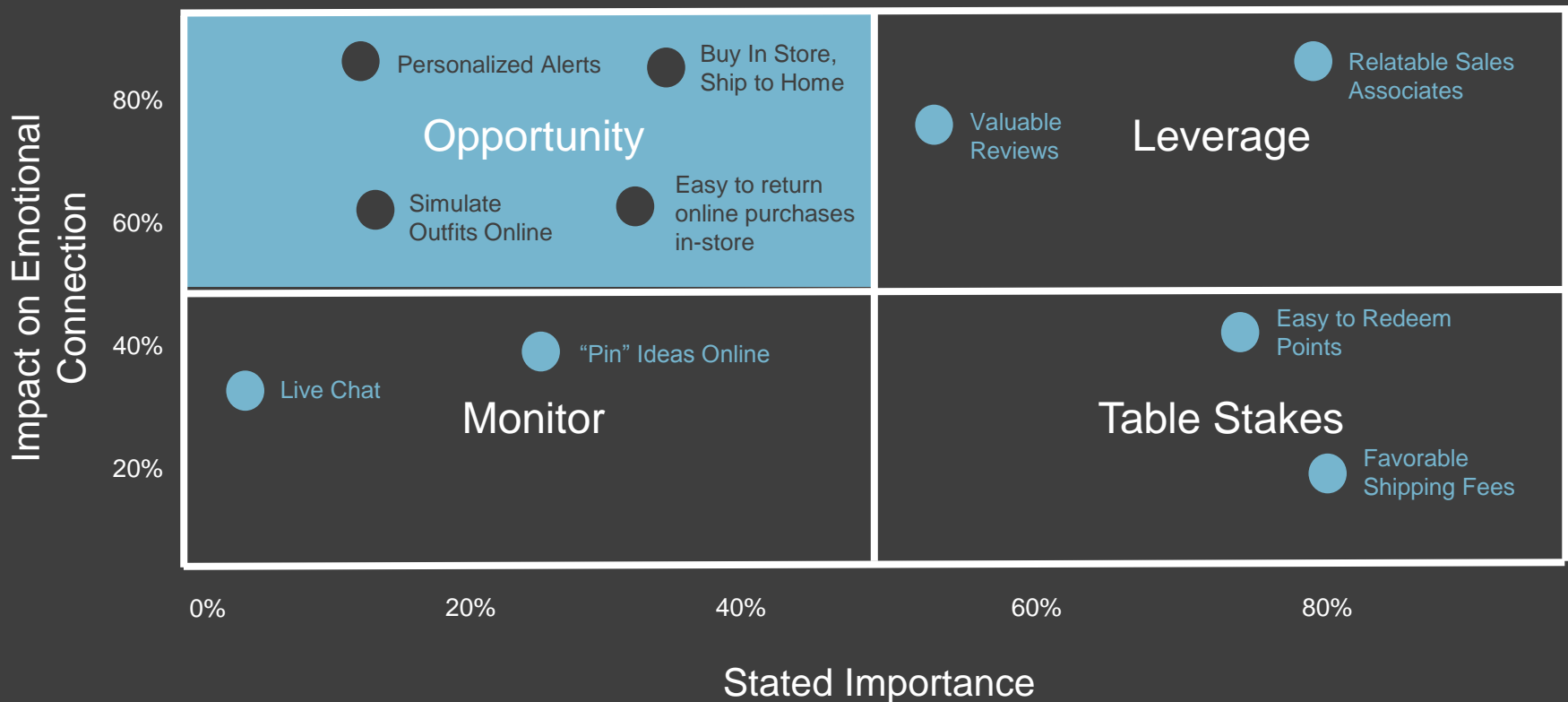
Average values per acquired customer

	Prior Targeting	Emotional Targets	Change
Acquisition Cost	\$9.50	\$10.25	(8%)
Annual Margin	\$62	\$91	46%
Tenure	3.4 Years	4.1 Years	21%
Lifetime Margin	\$211	\$374	77%



Operationalization: Customer Experience Investments

The touch points that drive Emotional Connection



Examples of Touch Points Investments

Primarily funded by reallocating operating budgets

- ↓ “Virtual try-it-on” through mobile app and e-commerce site
- ↓ “Endless aisle” expanded to 500+ stores
- ↓ Associate scripting and tone aligned to the emotions
- ↓ Big data engine powers personalized alerts with emotional messages

The CSO's Role

Emotional Connection As A Sustainable Competitive Advantage

- ↓ Precise insights and metrics your competitors don't have
- ↓ Unique Emotional Connection Lens based on which emotions you can attain and “own” versus competitors
- ↓ Emotional Lens unites the organization around a strategic “North Star”
- ↓ Emotional Connection Score a predictive KPI on the C-suite dashboard
- ↓ *And:* Emotional Connection as a new factor in valuing M&A targets and executing post-merger integration

Emotional Connection Drives Growth And Advantage: The CSO's Role

Customer Insight
And
Data Analytics

Brand, Marketing,
And Sales

Measurement And
Resource Allocation

Products, Services,
Customer Experience

Emotional Connection Drives Growth And Advantage: The CSO's Role

Customer Insight

Strategy's role in Emotional Connection

- Ensure that emotional insights create results and advantage

- Optimize resource allocation around sustainable advantage

- Prioritize customer-impact investments

- *Unite the organization around emotion-based strategy and metrics*

Brand, Marketing,
And Sales

Measurement And
Resource Allocation

Products, Services,
Customer Experience

Thank You

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