

Building Customer Retention And Growth In Technology Customer Relationships

I marvel at what my printers can do. While I know I am paying for them many times over through the ink I buy, I still am stunned by the fact that I purchased many of them for nothing or virtually nothing. Somehow, the dollar outlay for print cartridges now and again, done in increments, does not accumulate in a total cost of ownership file in my feeble brain. Maybe I am unique, but I don't think so.

Oh yes, and all my printers are the same brand. I see that logo on the printer and it really does say “reliable workhorse” to me. But then again, I grew up on Selectric typewriters and that indeed does date me. Is there something about my age or the experiences I have had over the years with creating printed documents that makes me more loyal to my printer brand? Maybe. Is there something about the ease of decision when I confront the need for a new computer, and knowing I can simply purchase the reliable workhorse and be confident it will perform, again and again, with high quality? So, one might conclude I am not willing to take the risk of trying something new, and therefore rather a loyal customer because of inertia.

Wait, though. I also love my computer. I should say computers, because I have five, including four laptops, from the same company. Did I buy them because I wanted a reliable workhorse? Nope. In fact, all but one of them has broken- three of them multiple times. I am talking mother boards, screens, keyboards, power supplies, hard drives, and more.

The one that has not yet broken is too new; I'll wait for when it does break. I don't even blink when I buy the extended service contracts with these devices, because I know I will use them and more than get my money back. But the hassle of getting diagnoses and repairs? Ugh! Yet, I will buy this manufacturer's computer the next time I am in the market. They are so cool! And, yes, user-friendly. (By the way, my friends who also own this company's devices have not had the same trouble as me, so go figure.)

So, how would anyone rationalize me as a printer buyer versus me as a computer buyer? Seems like I am a classic Jekyll and Hyde – in once case I look for workhorse reliability and in the other case I look for the cool machine that I can turn on and count on to instantly start working.

The story gets a tad more complicated, however. I confess, I recently bought another of my cool computers and I purchased a printer from a competitor of my normal brand. It was free with a rebate. More to the point, it alone was free with

rebate, while my trusty workhorse was not offered. My impenetrable loyalty to the old workhorse just collapsed because the retailer/manufacturer overcame my switching inertia and enabled me to try another brand. We'll see what happens as I use it.

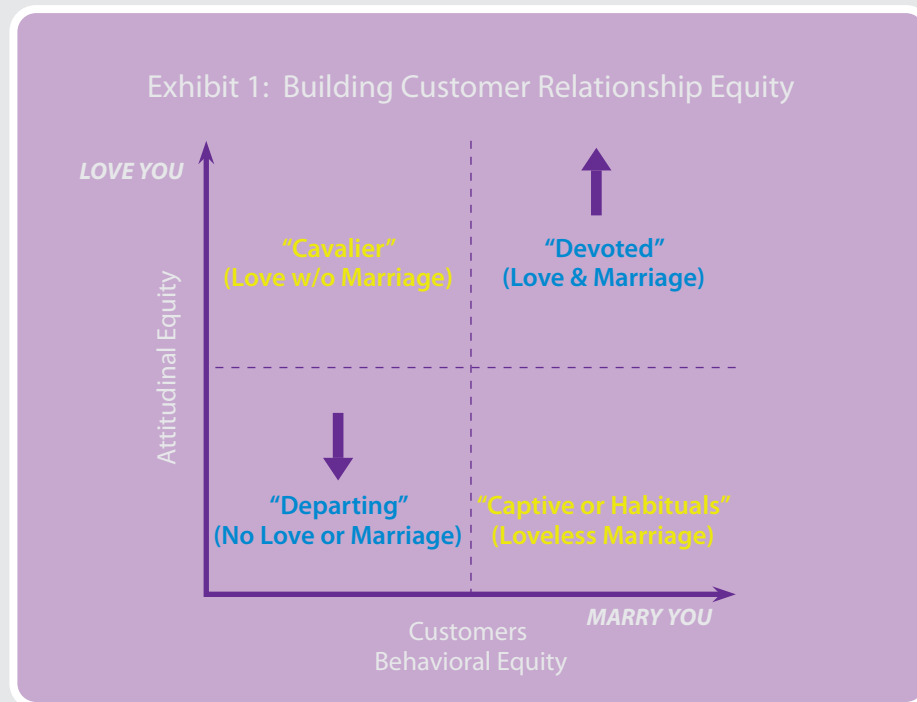
Another twist to the story -- I confess also to owning three other computers in my home (not counted in the five above) -- but, not the cool brand. Instead I bought these because of requirements for work. Compatible software and the like. I was rather captive or hostage to my office needs for compatibility and software. I might also add a detail -- they have never broken. But they aren't cool, they take forever to boot up, and some of their software is quite behind what my cool computers can do. But I still use them, when I have to.

For any of these, I spent hours doing research, reading reviews and surfing the net. I don't recall anyone, however, recommending anything to me. I do recall some friends' complaints, however. Note the word, "recall." Maybe someone did recommend a computer brand to me at some point. If he or she did, it apparently had no impact. Now, their complaints did.

What does all this mean for a technology company that wants to build retention and growth with

customers? I think everything. **The challenge is simple: How do we get technology buyers (commercial or consumer) to "Love Us and Marry Us?" Getting customers to love us is all about building what I call attitudinal equity. The customer needs to see value (cognitive evaluation) but also develop strong feelings about the product and brand (emotional attachment).** Clearly I am emotionally attached to my cool computers. I also am emotionally bonded to my printers, but in a different way than with my computers -- trust is key more so than the coolness of my computers. Both offer value.

The other factor, Marry Us, is about building what I call behavioral equity. Buying again and again, not considering other options, and so forth. Ideally, we want customers to both love us and marry us. I am in the Devoted quadrant for both my printers and cool computers in the exhibit on the next page. Yet, I am in the captive quadrant for my "other" computers. No love with the latter, just marriage, because I had to buy them. If there would have been love for these other computers, it is highly unlikely I would have purchased my cool computers. (I would then have been a Devoted customer and less likely to consider others, just like I was less likely to consider other printers, until recently).



I would plot as Devoted for my printers, but something happened. A competitor put in play a strong enabler to cause me to switch, while my trusted workhorse did not match the offer and therefore counteract the impact of the enabler. So, I switched, at least for now. Despite my best intentions, I have switched, fallen off the Devoted quadrant somewhat.

On a similar point, my "other" computers held me as Captive, because there were strong reasons not to buy my cool computers due to the incompatibility of software programs. I had little choice. The good news for me, however, was the cool computers broke down that switching barrier by offering more compatible software and now I own the five cool computers. These switching enablers and barriers made all the difference in my behavior. It is not enough sometimes just to be in love, I guess.

One last dimension: the context of my technology purchasing experience. I am a bit into technology. I am the buyer of technology in our household (beware others who get in the way). It's my domain. I am totally involved in the category. For someone else, perhaps they would drop by Best Buy and select whatever the sales rep recommended. Not me. Sales reps don't matter. Internet info sources do, to me.

There are lots of things that drive my loyalty in technology. Different drivers in different categories, different types of emotional bonds, different barriers and enablers, and different impacts of the multitude of touchpoints in my technology buying experience.

Technology firms need to understand people like me. And the various others out there who are different from me. The opportunity is to gain this

understanding in ways that haven't been done before. I assure you, if I responded to the typical satisfaction survey about my computers or printers, missing would likely be an understanding of the barriers and enablers that affected me, how I discounted the total cost (ink cartridges) of printer ownership, my willingness to overlook how my cool computers break, the impact of emotional bonds, the fact that I am really involved in the category, and more. I would be lumped into a broad customer base, perhaps segmented by some geo-demographic variables at best, and the company sponsoring the survey would average out my response with scores of others to try and figure out how to make me loyal. No one would know what my true relationship equity was and marketers would miss me as a target. Hitting a golf ball down the middle of the fairway and therefore hitting nothing is good in golf, but trying to hit a customer in the middle of the pack of all customers and hitting nothing is bad in customer relationship management.

We at Hansa have worked hard to understand the motivators of customer relationships -- how to capture the head and heart of customers and build strong behavioral equity. Our research has been proven both in academic theory and in practice. Building a 10% increase in customer relationship equity with one of our recent clients led to a 3.7% increase in market share. To learn more about our thinking and frameworks for building customer retention and growth, please contact us at the number listed below.

Hansa provides a full range of qualitative and quantitative research services. Our experienced research and consulting team, including PhD-level statisticians, uses innovative, data-driven methodologies tailored to our clients' research needs.

We pride ourselves on our ability to truly understand the voice of the customer and translate that voice into winning strategies for brand development, marketing communications, customer relationship enhancement, and product/service innovation.