



L.A.S.S.O. the Consumer and Close the L.O.O.P. for Lifetime Satisfaction and Loyalty

*Lessons learned and shared by
Kellogg's consumer affairs.*

by Lynn M. Townsend

We have many relationships surrounding us in our daily lives — our spouses, friends, family members and co-workers. We have the opportunity, also on a daily basis, to build relationships with our consumers — occasions to examine the types of activities that encompass the “loop” of each of our relationships. Do we neglect consumer relationships the same way we may take our personal relationships for granted? Or, do we seek to first lasso our consumers, build the strength of the loop and then close the loop for lifetime satisfaction and loyalty? A piece of old cowboy wisdom states, “Tossing the rope before building a loop will never catch a calf.” The same knowledge applies to our consumer relationships.

Why are consumer relationships important as a strategic business practice? Why must we seek to maintain our current consumer base through relationship building efforts? Why should we move from mass production in consumer response to customization and personalization? The following four justifications examine the importance of consumer relationships in the current world of consumer relationship management:

expectations elevate
competition crushes
complacency corrupts
loyalty lingers

First, consumers' expectations have elevated with time. They expect to be satisfied and then some. Great products and

great services are consumers' *minimum* expectations. Consumer access to information has paved the way to informed product decisions and altered expectations. Just when we think we had the consumer psyche characterized, the consumer changed. “You think you understand the situation, but what you don't understand is that the situation just changed” (Putnam Investments advertisement).

Second, a highly competitive marketplace suggests that if we stand still, we will lose the game. Consumer relationships allow for continual feedback and thus a proactive approach to identifying trends and meeting consumers' needs. Someone once said, “The world is so fast that there are days when the person who says it can't be done is interrupted by the person doing it.” The competition is fierce and consumer relationships provide a point of differentiation.

Third, resting on our laurels and refusing to examine new and better methods for handling consumer response surely will leave us in the dust. As Albert Einstein said, “Insanity is doing the same thing and expecting different results.” Consumer response was once focused highly on efficiency with such factors as hold time, abandon rate and the number of contacts handled daily. Consumer relationships, in contrast, promote an “effective” approach to consumer response. Specifically, a relational attitude with consumers affords opportunities to challenge our company policies and do the “right things” for our consumers.

Finally, focusing upon consumer loyalty and maintaining a loyal consumer database support a healthy bottom line. Consumers who are viewed for their lifetime purchasing power

become worth the extra effort from a relationship maintenance perspective. Walt Disney said, "People spend money when and where they feel good." Allowing our consumers to "feel good" about their experiences with our products and services will lead to a stronger relational bond.

How do we understand the characteristics of consumer relationships, so we may develop tools to maintain them? The acronym L.A.S.S.O. provides insights from the customer service literature. (For additional information related to consumer relationships, see the book *Dynamics of Customer Service* by Barbara Gutek.)

- L. — Labor-intensive
- A. — Aware
- S. — Self-regulating
- S. — Satisfying
- O. — Obligatory

LABOR INTENSIVE: Consumer relationships require time and energy to preserve the "union." They are labor-intensive. Joan Baez stated, "The easiest kind of relationship is with 10,000 people, the hardest is with one." Her statement exemplifies the past business approach of mass communication to consumers versus a one-on-one relational marketing method.

AWARE: Through frequent interactions between the consumer and the product or service provider, each participant in the relationship is attuned to the needs of the other. Such an awareness level allows us to adjust our viewpoint to that of the consumer's. Moreover, awareness provides an increase in relational efficiency as time passes, as well as anticipation of future interactions between the participants.

SELF-REGULATING: Through ongoing communication and dialogue, a feedback loop that regulates the relationship becomes a built-in entity. Consumers that share a "history" with our companies cannot transfer that track record to other products or services. In addition, expectations are reviewed and met as we examine the specific needs of our consumers.

SATISFYING: Relationships with our consumers provide opportunities to mutually benefit from the results. We benefit through profit, and the consumer benefits through met needs. The adage, "You scratch my back, and I'll scratch yours," exemplifies this relational characteristic. Additionally, a sense of pride and ownership develops as the relationship grows and is customized or personalized through subsequent interactions.

OBLIGATORY: Repurchase intent results from consumers developing trust, commitment and loyalty with providers of goods and/or services. Interdependency then results in providers depending upon consumers for revenue and feedback and consumers depending upon providers for products and/or services. Ultimately, obligation provides both behavioral (repurchase) and attitudinal (positive word of mouth "advertising") reciprocity on the part of the consumer.

By using the aforementioned relationship characteristics,

Kellogg Company consumer affairs has developed four types of programs to support consumer relationships. Such programs may be categorized with the acronym L.O.O.P.

- L. — Logical links
- O. — Outbound options
- O. — Online opportunities
- P. — Powerful panning (for gold)

The programs we have test-piloted as a department, all designed as learning opportunities, included several general attributes. For example, minimal cost (\$1,000 to \$8,000) was used to develop and implement these relationship-building activities. In addition, our consumer reach was typically in the high hundreds or low thousands per program. For recontacts, consumers no earlier than one year from the point of original contact were sourced from our consumer response database. Also, programs were typically "sold" to our marketing department, as a low-cost consumer relationship building opportunity that would provide at least a return on investment of the costs required to implement the project. In most cases, consumer affairs directed the relationship activities by using departmental or outsourced personnel. Measurement tools, such as response cards, mail surveys and lifetime buyer calculations, assisted in discerning consumer relationship-building program effectiveness. In addition, these tools provided necessary justification for future relational programs.

LOGICAL LINKS are programs with objectives to link a consumer's lifestyle to a particular product, as well as heighten the awareness of new or existing product availability. For example when we introduced a new product recently, we asked consumers who contacted the 800 number if they had seen or purchased the product. We sent them a coupon to encourage product trial or repeat. Other programs have been initiated for product and advertising awareness with follow-up information sent in consumer correspondence to reinforce the brand message.

OUTBOUND OPTIONS are relationship-building activities that assist in maintaining the loyal consumer base, continuing dialogue with consumers and maximizing the use of follow-up mail correspondence. One example is a holiday recipe request recontact that was used as a proactive opportunity to send consumers recipes and information related to holiday baking. Consumers who contacted the 800 number requesting recipes from the previous year received a holiday calendar, coupons, recipes, cooking tips and a recipe book order form.

ONLINE OPPORTUNITIES seek to maximize "websumer" or "e-care" relationships through one-on-one marketing tactics. An unknown source stated: "In the physical world, if I make a consumer unhappy, they'll tell (at least) five friends . . . on the Internet, they'll tell 5,000. Of course, positive word of mouth on the Web can have a similar impact." Examples of programs on the Web include product sample requests, contests and collating e-mail registration lists for recontact opportunities.

POWERFUL PANNING is an opportunity to provide additional structured dialogue with inbound consumers who contact the consumer affairs 800 number. The purpose of these types of "panning for gold" or data "mining" programs is to conduct consumer research in an effort to support strategic company initiatives. Examples of these types of programs include new or reformulated product surveys to assess product performance versus consumer expectations.

Consumer relationships, now and beyond, are important because consumer expectations are at an all-time high for goods and services. Moreover, a highly competitive marketplace structure provides less and less product or service differentiation. Complacency or refusal to change with the dynamics of the marketplace will lead to business failure. And consumer loyalty *is* the key to bottom line success.

In order to maintain consumer satisfaction and reap a lifetime of consumer purchases, we challenge you to L.A.S.S.O. the consumer and close the L.O.O.P. ■



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Happy trails!