

HOW BRANDS CAN SUCCEED IN THE

# NEW VALUE LANDSCAPE



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WHO'S  
REALLY  
FEARLESS?





Historically, the value exchange between brands and consumers has tended to favor the former, but in the digital age, that's no longer the case. The modern consumer is armed with unprecedented access to information and seemingly infinite avenues for expression. Brands are now forced to pay attention to the individual consumer, because the individual consumer can no longer be ignored.

In short, access to information and knowledge makes the individual fearless as we hurtle toward 2020. No longer do people need to be afraid of the unknown, and they're using this reality to usher in a whole new era of consumer confidence.

At RAPP, we accept this as a wonderful thing. We stand up for individuality, and we are fearless in this pursuit. As specialists in customer relationship management and customer-managed relationships, we believe solutions that empower individuals bring the most value to our clients and their customers. But we're not the only ones to cast fear aside.

In a world where high-profile data breaches are almost quotidian and privacy concerns fuel legislative battles between regulators and tech titans, a growing number of consumers don't think twice about handing over personal data to access a website or about asking Alexa to play their favorite music. As startling as this reality may be, it's a blatant reminder that consumers today demand and refuse to live without convenience and engaging experiences — and they're willing to take risks to get them.

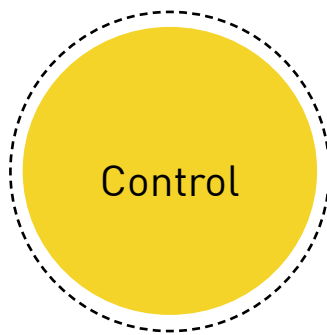
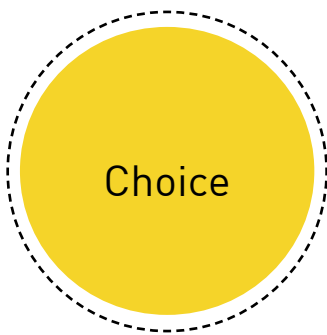
IN SHORT, THEIR PERCEPTIONS OF VALUE HAVE  
DRAMATICALLY CHANGED. AS HAS THEIR TEMERITY.



# THE NEW VALUE LANDSCAPE

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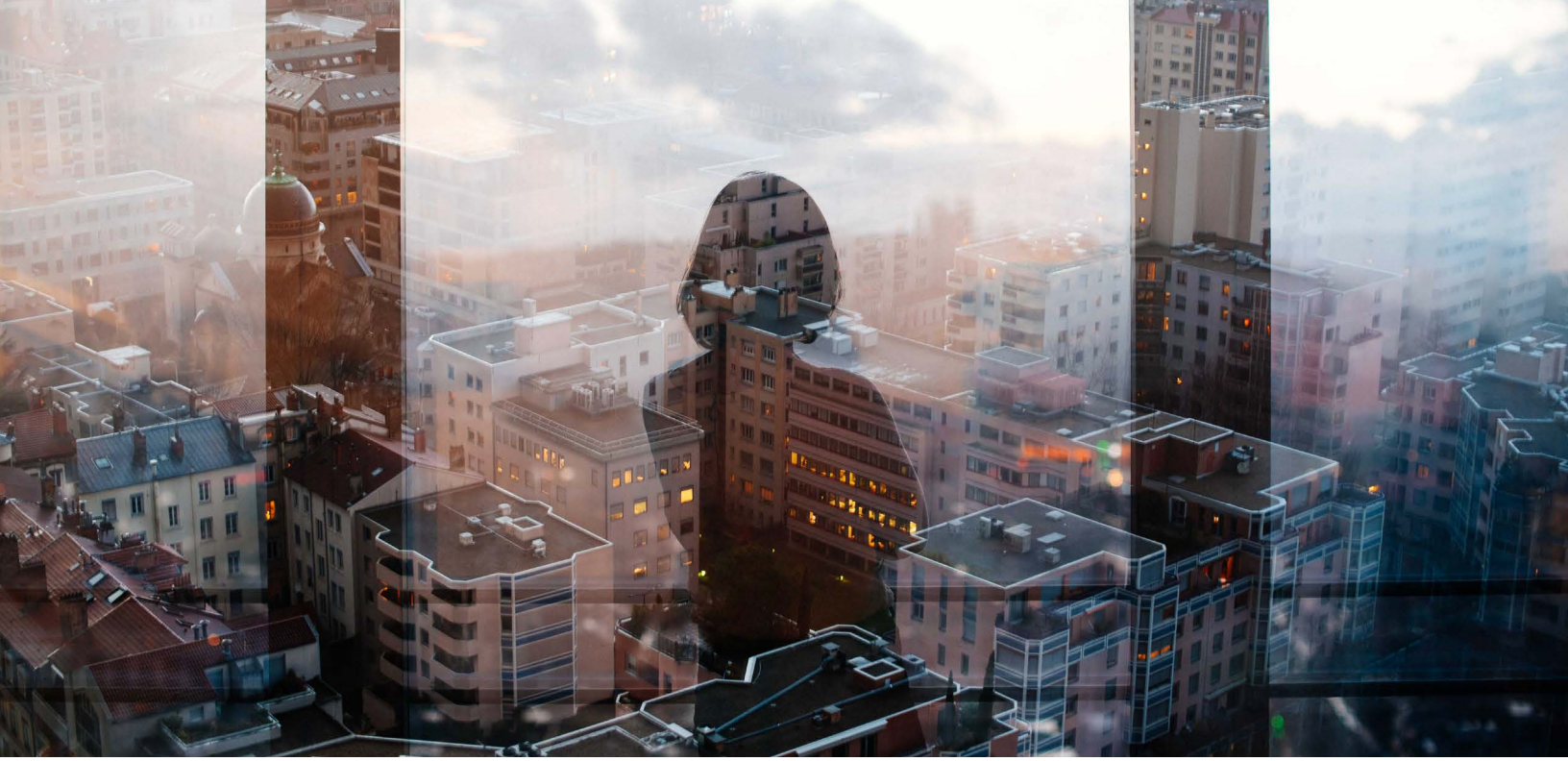
Modern consumers are bolder because they're more knowledgeable. Easy access to information and a multitude of communication outlets give buyers three key levers of value:



Technological innovation spurred by internet companies over the past decade has fundamentally changed the way we, as consumers, relate to products and brands. Companies like Netflix, for instance, allow us to explore and view content on-demand, and that experience changes the way we think about every other digital service we use. It forces companies that aren't even competing with Netflix to evolve in order to meet our elevated expectations. As companies like Netflix, Amazon, Spotify, Uber, and others harness the power of data to deliver superior user experiences — experiences that are highly personalized — companies that aren't able to offer the same level of control will fall by the wayside.

Moreover, online communities, and social media platforms in particular, have given us an outlet for expression that can change the entire conversation around a brand. Word spreads fast in the digital age, and brands can't ignore what consumers have to say. With the power of a traveler demand platform, a company like Airbnb can transform from a tiny startup to an industry leader, creating its own culture while allowing users to explore others. In fact, customer ratings and reviews powered by a community of advocates has resulted in an industry-shifting business model that has allowed Airbnb to challenge Marriott in total size and value.





There are also macroeconomic factors at play that have shifted the way consumers and brands interact. Coming out of the Great Recession, Americans were still trying to right the ship financially, and austerity was the prevailing global economic policy. Value was measured in terms of product quantity and price. But at some point within the past five years or so, **a new consumer** emerged. This consumer has an altogether different perception of value, one that accounts for long-term benefit rather than just short-term gain.

The modern consumer is not afraid to exercise the power of choice. If one brand can't meet exceedingly high expectations, others will. Consumers know this, which gives them more control when interacting with brands and products — and subsequently fuels a further rise in their lofty expectations. Customers also aren't as enamored with product ownership as generations past. The sharing economy has radically changed what values are important to shoppers, with climate change and ecological impacts being considered more important than ever before.

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# MEASURING EXPERIENCE

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In response to this changing dynamic, most businesses are considering customer lifetime value as an important KPI.

This metric represents an attempt to determine the financial value of each customer on the basis of how much that customer contributes to company revenue over the projected course of their relationship with the brand or the business.

But as a result, brands today that use outdated methods of communication and don't harness the power of data won't ever be able to measure CLV effectively because they can't track the customer journey or measure the channels each customer uses. Without obtaining the data required to truly get to know their customers, brands will see CLV continue to diminish and marketing ROI be nebulous at best (and nonexistent at

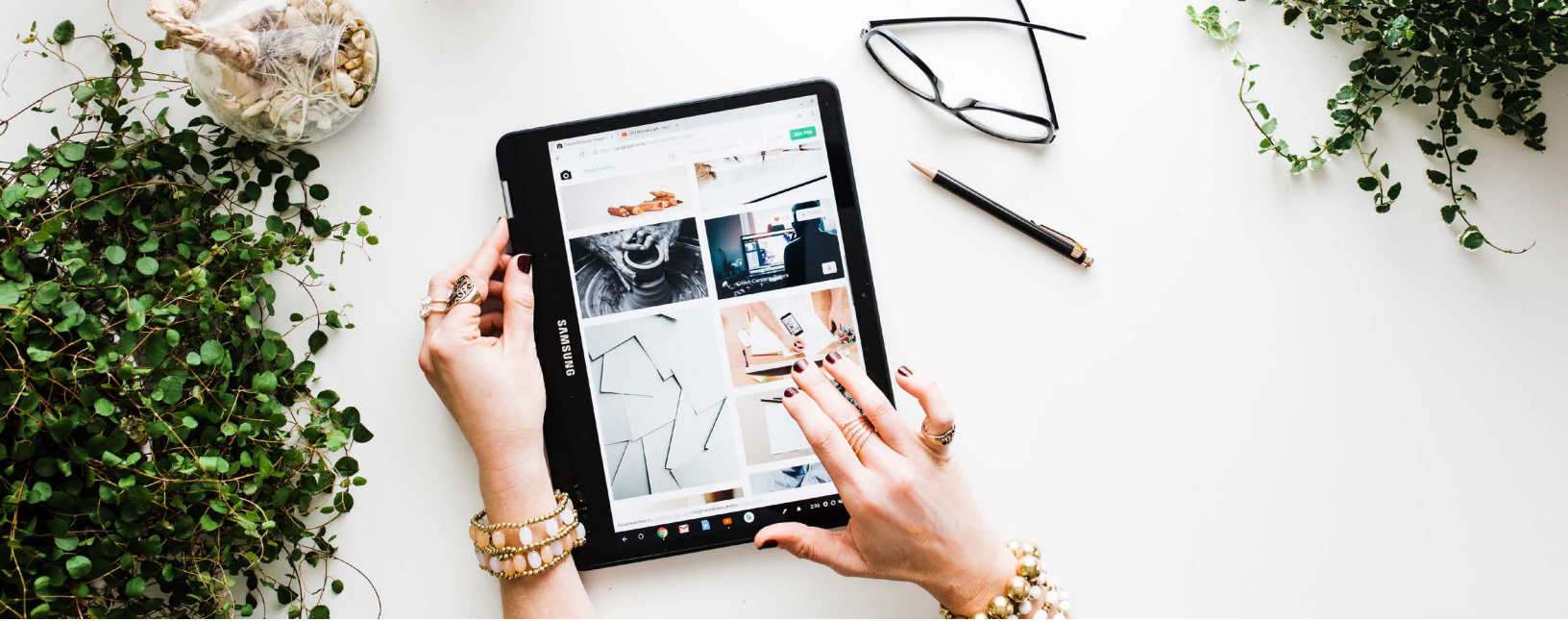
worst). These same brands will not be able to compete with new players that enter the market that are armed with more effective engagement strategies and better customer experience tools.

Fortunately, most brands know that customer experience is important, evidenced by the fact that **89%** of companies focus on experience as their key differentiator. Yet very few can master each of the myriad elements that make up a superior experience — from marketing to customer service to the retail environment. The ones that can, however, are thriving and gobbling up everything in their path.

89% OF COMPANIES FOCUS ON EXPERIENCE  
AS THEIR KEY DIFFERENTIATOR.







# HESITATE AND LOSE

Consider the current predicament of major pharmacies as Amazon targets expansion into the healthcare industry.

With its **purchase of PillPack**, a company that organizes and delivers packages of medications straight to consumers, the online retailer is taking direct aim at chains like Walgreens, CVS, and Rite Aid. These pharmacies have always relied on the sale of prescription drugs to keep consumers coming through the doors, and presumably, none is prepared to compete with Amazon should the need arise. Their business models feel threatened, and this trend will continue to scale.

Regulation, financial health, having a unique product that fascinates millions — nothing can protect brands that fail to adapt to the emergence of the fearless consumer. Brands that take customers for granted will fail, and it's happening in every industry:

- The cord-cutting phenomenon that has turned entertainment on its head and flummoxed the media titans of the 20th century.
- The promise of self-driving cars and the rise of electric vehicles that traditional automakers are now scrambling to keep up with.
- The explosive growth of ride-sharing and home-sharing that has upended the transportation and hospitality industries.

Every single one of these business shifts have been fueled by the newly fearless consumer. And the companies at the forefront of these trends have one thing in common: They're embracing the new terms that now govern value exchanges.



HOW BRANDS CAN DELIVER

# WORLD CLASS EXPERIENCES

Why exactly are so few companies able to deliver dynamic experiences to consumers? Simply put, it's because an impactful experience that's memorable requires brands to deliver a high level of personalization at scale. It's a daunting challenge, but not an insurmountable one.

Companies of any size can do a few things that will make them more competitive on the customer experience front. Not surprisingly, they each relate to choice, control, and community:



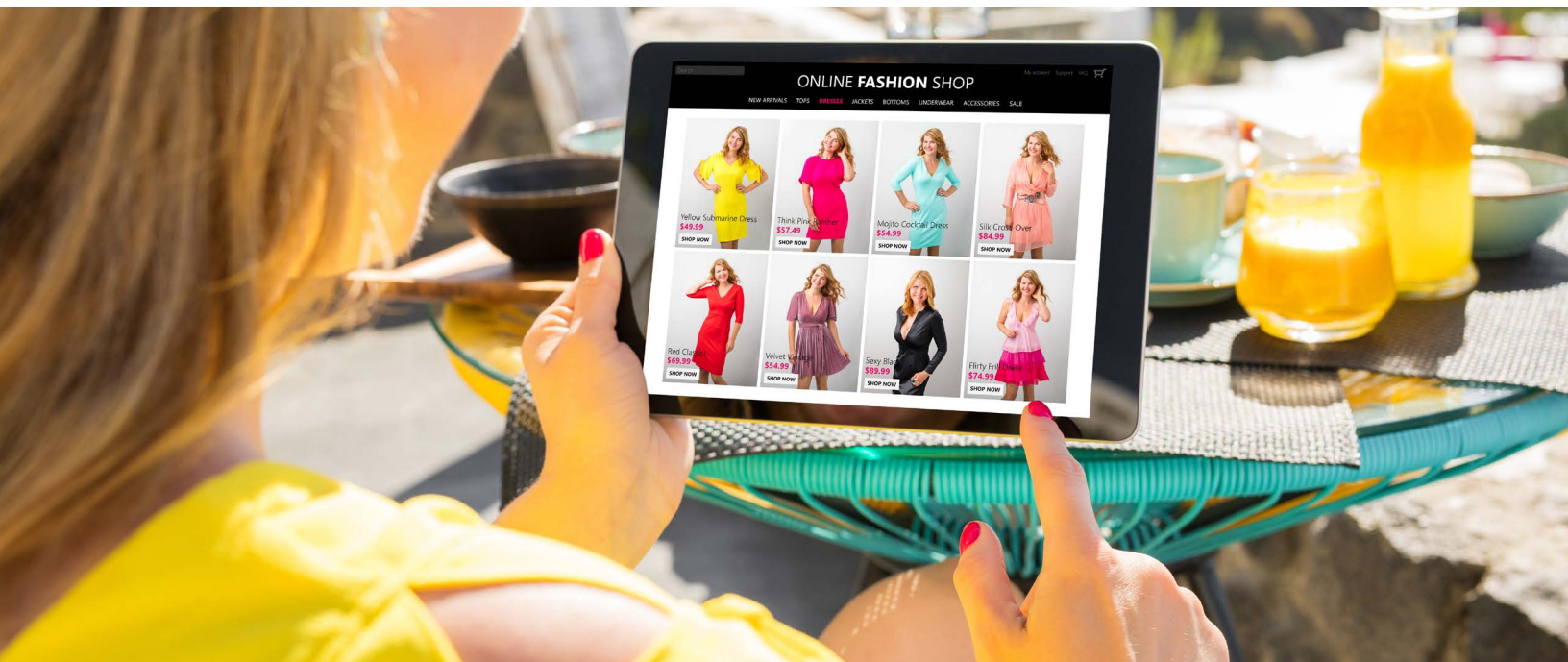
# 1. Encourage better choices

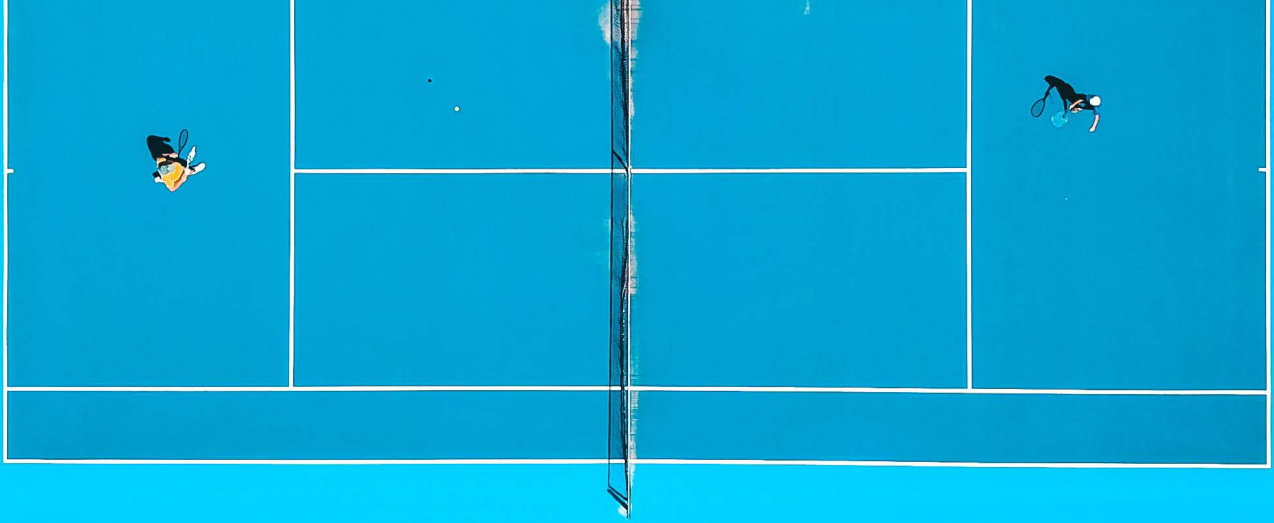
Brands must understand that engagement is a choice. No consumer wants to spend every waking moment interacting with a brand, so don't assume that more communication is always better. Instead, if you make an effort to truly get to know your customers, you'll learn how often they're willing to engage and when.

A messaging cadence that avoids unwanted or unwarranted communication can make consumers more likely to engage in the future. Acknowledging and rewarding customers when they do choose to spend time with the brand, rather than hounding them for disappearing, will generate respect and loyalty.

Because a growing number of consumers are using their wallets to express their values and beliefs, be radically transparent about your own. Be clear about your mission, and how that relates to your products and services. Not every Millennial shopper cares about your sustainably sourced materials, but many do. Share your values, and allow consumers to decide whether they align with their own. You can't force anyone to buy into your narrative, so don't try to.

The same thing goes for your products. Rather than losing business, brands that acknowledge that they need customers more than customers need them earn respect: You don't like it? Send it back — we'll make it easy! You know they have choices; you can fight it or embrace it.





## 2. Use data to give consumers more control

Brands should absolutely capitalize on consumer willingness to share information — because that information is what allows you to provide a personalized experience that puts consumers in control. Doing this effectively, however, requires brands to think beyond marketing; don't fall into the trap of trying to solve new problems with old ways of thinking.

Netflix has maintained its status as an entertainment innovator by constantly looking for new ways to use its customer data to offer a more personalized experience. **Its incredibly accurate recommendation engine** is evidence of its ability to anticipate customer viewing preferences on TV-related content, which ultimately makes users feel more in control of their entertainment experience.

You're not doomed if you don't have a highly sophisticated AI-powered algorithm that predicts what customers will want next.

Instead, consider what customers want now, and think about how technology and digitization can help you deliver that. Oftentimes, consumers have already decided what they are going to buy before showing up to your storefront or website. So make transactions as seamless and frictionless as possible.

When it comes to marketing, you may have to **unlearn old tactics** and let consumers control whether to engage. Rather than surreptitiously adding names to your mailing list, for instance, let people opt in to receive content, communications, or services. Don't use messaging to pressure consumers into making a decision; manufacturing urgency simply **doesn't work like it used to**. Instead, get them excited about your products by delivering engaging personalized content. This takes foresight, planning, and responsible data stewardship, but the payoff will be worth the upfront investment.

# 3. Tap into the power of the group

While individual consumers are now equipped with unprecedented power, it's their ability to quickly join and build communities that put them completely in control. Customers can share their experiences on countless sites like Amazon, OpenTable, TripAdvisor, or Zappos and instantly impact a company's bottom line. Simply put, brands are no longer in charge of the conversation about their products or practices. These fearless customers are.

Rather than trying to ignore what's being said about you online, use technology (data, listening tools, and SEO audits) to

participate in the conversation. The brands that show they are willing to listen and respond to feedback often spur positive engagement on public forums, which can transform disgruntled customers and naysayers into your brand advocates (a.k.a., your best salespeople).

Loyalty today is less about prizes and points. Instead, it's about the opportunity to be part of a group of like-minded people, and the reward is **mutually beneficial information** exchange, more fun, or increased social currency. Brands that successfully generate loyalty are those that can create and facilitate these opportunities.



# UNDERSTAND AND ACT

These are exciting times for both brands and consumers. The explosive growth of marketing technology is giving brands a seemingly endless number of opportunities to connect with customers and earn loyalty. But the reality is that those opportunities aren't endless.

The fearless consumer is unforgiving and most brands that fail to deliver an optimal customer experience the first time won't get many more chances to do so. Companies that recognize what modern consumers value and work hard to deliver that value consistently can survive and flourish. Those that don't will become irrelevant.

**BE AS FEARLESS AS YOUR CUSTOMER.**

