



# THE HUMAN BRAND

A Better Way to Measure & Improve Customer Experience



CUSTOMER LOYALTY INSIGHTS, STRATEGIES & RESULTS



## During the summer of 2012, Theresa Cook, age eighty-four, was dying of pancreatic cancer in a hospital in Nashua, New Hampshire.

Her twenty-one-year-old grandson Brandon was at Theresa's bedside, feeling helpless because she had lost her appetite, and the hospital food didn't appeal to her. What she would really like, she told Brandon, was her favorite food: clam chowder in a bread bowl from the local Panera Bread shop.

It was a Tuesday, and when Brandon called over to Panera on Amherst Street, he discovered that during the summer they made clam chowder only on Fridays. Brandon said he didn't think his grandmother could wait. In three days, she might not be able to eat at all. Suzanne Fortier, the manager of the Nashua Panera, got on the phone, and without missing a beat, asked him to come right over. She told her staff about the special request, and they got to work pulling out the fixings and putting a pot of clam chowder on the stove. By the time Brandon arrived from the hospital, his order had been bagged up, along with a box of cookies for Brandon. Sue told Brandon there was no charge and to keep her posted. If his grandmother needed more soup, she said, he should just give a call.

Brandon did give them a call and his grandmother had more clam chowder on Friday and the following Tuesday. It was not until Saturday, August 18th that Theresa Cook quietly passed away with her family by her side. The clam chowder had sustained her for perhaps an extra week. It just a bowl of clam chowder



and just another week. But for Brandon and his grandmother, it was literally a matter of life and death. It was an experience they would never forget.

And it turns out that a lot of other people would never forget either. Because on that first Tuesday, Brandon sent a brief thank you note to the folks at the Panera Bread shop with a post on Facebook.



Within a few days, Brandon's post had racked up over 800,000 likes from around the world and inspired nearly 35,000 comments. Here are just a few of them.



**My family is eating at Panera tonight because of this story. Way to go Sue and Panera!**



**Glad to hear that there are folks out there that still care for their neighbors and community.**



**Bravo to Panera Bread! Goodness in food, and goodness in people!**



**What a great story, I have never heard of Panera but I will be sure to try the first one I come across. It's awesome to see how far a little kindness can go.**



What accounts for this tremendous outpouring of customer emotion and support? Brandon's Facebook post contained only five sentences and did not even include a photograph. Was it the quality of the clam chowder? The speed of service? The convenience of the store location or the value of the price? No, it certainly wasn't those things. Nor was it any of the other competence-focused metrics that are typically tracked in customer experience surveys.

Rather, it was a genuine and compassionate gesture of warmth and kindness toward another person. Despite that we've all been taught and trained in life and business that our success comes primarily from our competence, warmth-related perceptions are actually the dominant driver of all human behavior.

Herein lies the major flaw in widely used methods of customer experience measurement and management around the world. They fail to understand, measure or influence the foundational drivers of human trust and loyalty. As a result, they are often structured and implemented in ways that actually damage customer loyalty, rather than improve it.

# Three Ways Traditional Customer Experience Measurement Misses the Mark

Strong customer loyalty should be the intended outcome of any customer experience. Customer loyalty is reflected by a voluntary willingness to repurchase or recommend a particular person, company or brand. Customer loyalty is essential because it offers the shortest and most cost efficient path to new and repeat purchases of any product or service. Companies and brands with strong customer loyalty are able to attract and retain customers with less spending on pricing and promotion, which allows them to grow more consistently and profitably.

While measuring customer loyalty is relatively easy, improving it is often much harder. Unfortunately, traditional approaches to Customer Experience Measurement (CEM) such as Net Promoter benchmarking, CSAT tracking or Customer Effort Scoring are typically designed and implemented in ways that do more customer loyalty harm than good.

These approaches typically miss the mark in the following three ways:



## 1 Faulty Metrics



## 2 Misguided Mechanics



## 3 Feedback Manipulation

Let's review each of these problem areas briefly.



## Faulty Metrics

Traditional customer experience measurement programs capture data on likelihood to recommend, satisfaction or intent to repurchase. As basic individual or aggregated measures of customer loyalty, sentiment and future behavior, these are certainly fine. However, they are just the starting point because alone, they do not provide insight on why the customer feels that way or what must be done differently to improve the experience.

One of the core tenants of CEM is to gather feedback at every point along the customer journey. This typically involves breaking down each customer touch point into distinct experience attributes that can be measured separately. The notion is that by measuring and maximizing these attribute scores, the customer experience and resulting loyalty will be enhanced. The big problem with this approach is that the attributes tracked rarely have any impact on customer loyalty at all because they fail to reflect the primary levers of human trust and loyalty. Instead, they tend to focus on operational measures of service quality and process compliance.

As a result, while traditional CEM approaches can readily identify unhappy and disloyal patrons, they are rarely able to provide a clear diagnostic roadmap for customer experience and loyalty improvement. The most common frustration expressed by users of Net Promoter tracking and benchmarking is that the feedback tells them they have a problem, but rarely provides the insight needed to implement meaningful improvements in customer experience and loyalty. This is generally due to faulty CEM metrics that have not been validated as foundational drivers of customer loyalty.



~~X Operational Standards~~

~~X Service Quality~~

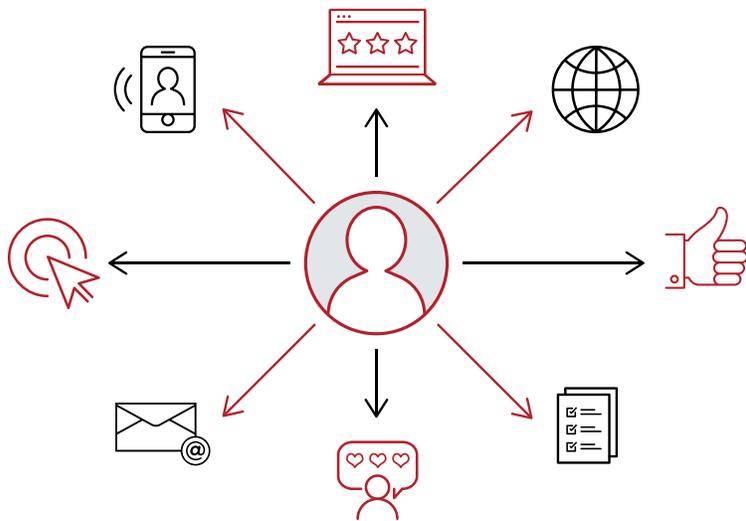
~~X Process Compliance~~



## Misguided Mechanics

Despite that CEM programs are intended to gather feedback that can be used to enhance the customer experience, they are often designed and implemented in ways that are at odds with the foundational triggers of human trust and loyalty. This happens because traditional CEM providers often fail to recognize that requesting and acting upon customer feedback is actually a crucial part of the customer experience itself. They are so focused on extracting data from customers, they lose sight of CEM's ultimate purpose. As a result, traditional CEM providers often damage customer loyalty in the process of gathering feedback on it.

For instance, customer smartphones and email in-boxes are stuffed these days with automated emails and phone calls from traditional CEM providers that request feedback in the most sterile and impersonal ways. These automated communications typically contain the warning "do not reply to this e-mail," as if to tell us, "We want to know what you think, but only on our terms." These do little to express any sincere interest in customers or what they think.



One of the world's largest hotel companies distributes customer feedback requests using the name and signature of its Executive Chairman. The emails state, "If our performance has not met your expectations, I want you to know I'm committed to learning how to better meet your needs and desires." Then, in the fine print at the bottom of the email, this line appeared: "This e-mail is for notification purposes only. If you have questions or feedback, please use the survey link above to communicate those to us."

When a company expresses a desire to learn customers and then in the same breath tells them a direct response is not welcome, one might rightly conclude that company is either very thoughtless or downright insincere. This is just one example of the many ways that the misguided mechanics of traditional CEM providers often do more customer loyalty harm than good.



## Feedback Manipulation

Perhaps one of the most disheartening shortcomings of traditional CEM approaches is how frequently they are manipulated by company employees, often with the support of their managers. This is a problem especially prevalent in industries where Net Promoter benchmarking has become widespread, such as financial services, retail and automobiles. Most commonly, this occurs when field operations or front line employees are incented or held accountable for a single CEM metric, such as satisfaction or likelihood to recommend.



In response, short-sighted employees and managers become primarily focused on extracting a perfect feedback score from each customer, rather than making the effort to understand and deliver on their unique needs. In fact, it's become quite common for front line employees in some companies to implore their customers to "be sure to give me a perfect score when you receive our feedback survey, or it will count against me."

These efforts to game the customer feedback process betray a misguided internal focus on scores rather than building lasting customer loyalty. Manipulated CEM metrics may provide a short-term boost to internal benchmarks, but won't deliver the consistent growth and profitability that comes from genuine loyalty. To achieve meaningful customer experience improvements, CEM program metrics, mechanics and management must reflect and address in the foundational drivers of all human trust and loyalty.

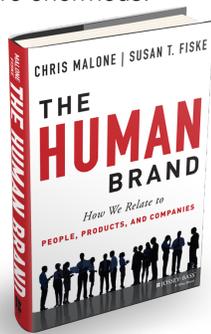


# Warmth & Competence: The Universal Drivers of Human Trust and Loyalty

For our ancestors who lived thousands of years ago, the ability to recognize people, correctly judge their intentions, and build trusting relationships was crucial to their survival. Today, hard wired by evolution, we too instinctively judge others when we interact with them, assessing them along the same two key social dimensions that our ancestors did: warmth and competence. As customers, we also make the same judgments about companies and brands, instinctively assessing them for warmth and competence.

This foundational customer experience insight was developed and validated through research on over 160 companies and brands with over 50,000 customers in eight countries and seven languages since 2010. Our initial work was published in the [Journal of Consumer Psychology](#) in 2012 and has since been replicated and cited in over [200 other peer-reviewed academic papers](#). In addition, an in-depth discussion of these insights along with dozens of case examples can be found in our [award-winning book](#), *The HUMAN Brand: How We Relate to People, Products and Companies*. In short, the implications of these findings for customer experience measurement and management are enormous.

If we fail to recognize that customers evaluate companies and brands in the same way they do other people, we miss out on some of the most critical and compelling drivers of human trust and loyalty. When we encounter people, products and companies, we are hard wired to immediately assess whether they will be helpful or harmful to our survival.



**We instinctively search for answers to two key questions to guide our interactions:**

**First, we assess their warmth toward us.** Are they a friend or foe? Will they help or hurt me? Will they give to me or take from me? Warmth is judged by assessing whether one is kind, friendly, and good-natured; whether one appears sincere, honest, moral, and trustworthy, and whether one possesses an accommodating orientation and is perceived as helpful, tolerant, fair, generous, and understanding.

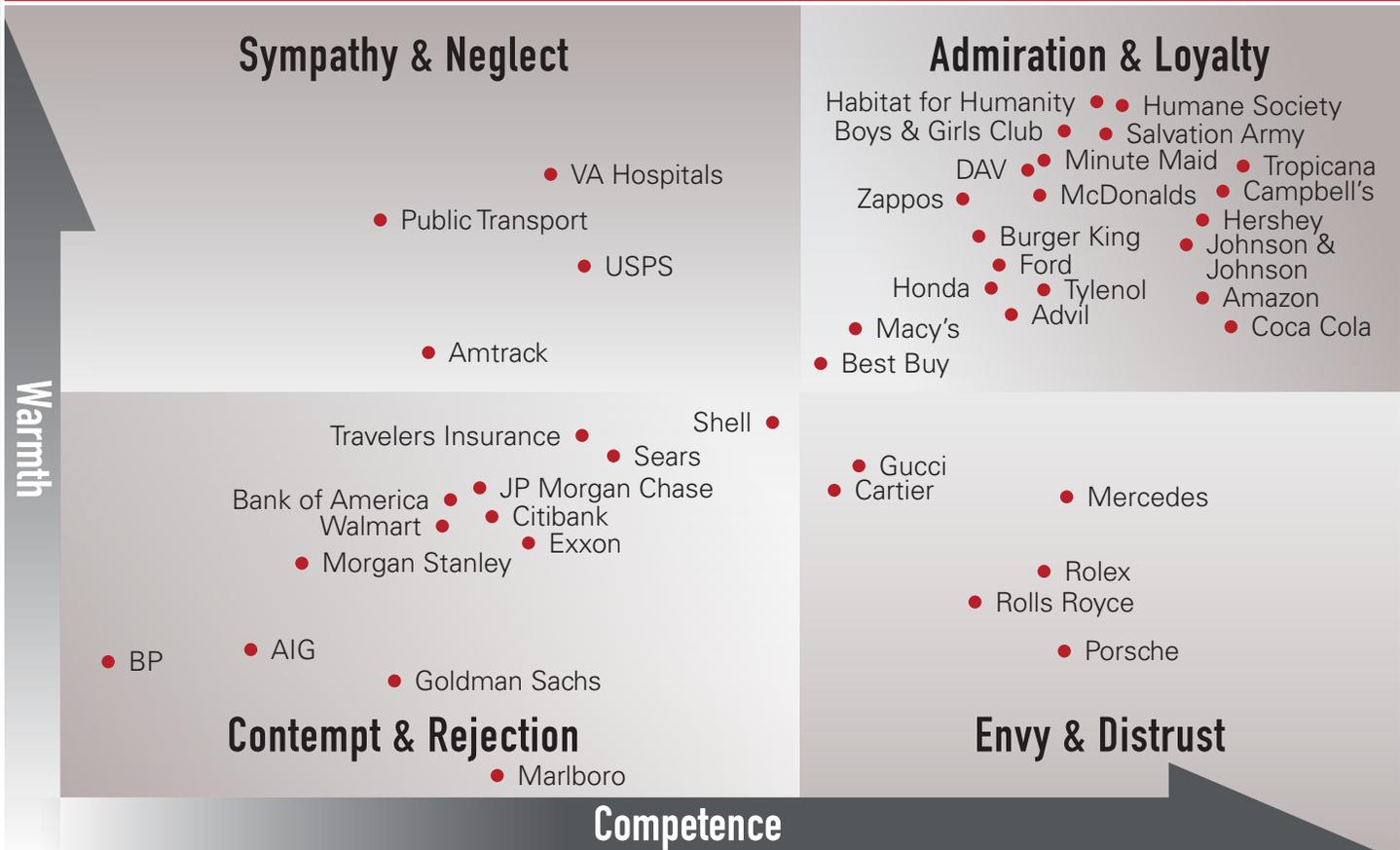
**Second, we assess other's overall level of competence to understand how successful they would be in carrying out their intentions towards us.** Are they stronger or weaker than I am? How much power do they possess? What special resources do they have that make them capable of helping or hurting me? Competence is judged by assessing whether others possess special resources, skills, creativity, or intelligence that grants you an advantage. Do they appear efficient, capable, skillful, clever, and knowledgeable? Do they seem to possess the confidence and ability to carry out their plans?

The answers to these questions guide our mental, emotional, and behavioral responses towards people, products and companies. They affect what we think of them, how we feel toward them, and what we do to embrace or avoid them. We retreat from or defend ourselves against threatening people who are capable of hurting us, while we safely ignore those who mean us harm but who are less capable. We form trust and loyalty with those having good intentions and bring competence and skill to our relationship. These predictable patterns of perceptions, emotions and behaviors are illustrated below.

Warmth Perceptions		Competence Perceptions		Resulting Emotions		Resulting Behaviors	
Warm	+	Competent	➤	Admiration, Pride	➤	Attraction, Loyalty	
Cold	+	Competent	➤	Envy, Jealousy	➤	Begrudging Cooperation, Obligatory Association	
Warm	+	Incompetent	➤	Sympathy, Pity	➤	Indifference, Neglect	
Cold	+	Incompetent	➤	Contempt, Disgust	➤	Rejection, Disassociation	

Further, warmth judgments always occur first and carry greater weight than competence judgments. We are particularly sensitive to changes in warmth and actively search for behaviors that confirm whether others have warm intentions toward us. Competence judgments are more forgiving; someone who has been perceived as competent is allowed a few slips in competence before we adjust our overall assessment.

This chart below illustrates how 33 different companies and brands are perceived on warmth and competence by the U.S. adult population.



Source: Fidelum Partners research

Brands such as Amazon, Hershey, Tropicana and Humane Society are viewed to be highly warm and competent in the United States. As a result, they are rewarded with strong customer loyalty and purchase/donation intent. In contrast, BP, Marlboro, IG and Goldman Sachs are perceived to be cold and incompetent, resulting in very low customer loyalty and purchase intent.

Brand	Customer Loyalty	Purchase/Donation Intent
Amazon	87%	94%
Hershey	71%	77%
Humane Society	70%	76%
Tropicana	68%	79%
BP	30%	36%
Marlboro	29%	30%
IG	29%	37%
Goldman Sachs	28%	35%

These warmth and competence assessments are remarkably strong predictors of how we feel and act towards people, products and companies. Our research has shown that warmth and competence perceptions drive up to 50% of customer purchase intent and loyalty, before traditional customer experience attributes are considered. This helps explain why customer loyalty seems harder to build and sustain than ever before, despite that we have more data and ways to communicate with customers than ever before. Traditional CEM approaches have been missing half the picture – the half driven by the foundational human perceptions of warmth and competence.

Unfortunately, a large study of public companies and brands like the one described above precludes analysis of financial impact, which must be conducted at the respondent level. However, the the financial impact of warmth and competence insights is addressed quite clearly in the latter pages of this paper.

To assist companies and brands in building stronger customer loyalty through warmth and competence insights, our firm has developed and refined an in-depth HUMAN Brand CEM methodology focused on understanding and significantly improving customer perceptions and loyalty. Unlike traditional CEM methods, our HUMAN Brand metrics and customer feedback process are built around the foundational drivers of human social perception and behavior. In addition, our approach has been cited and validated through hundreds of peer-reviewed academic research papers. The HUMAN Brand CEM methodology involves a broad range of warmth and competence priorities and perceptions, as well as attitudinal segmentation of customers, which enables highly tailored service experiences to improve loyalty. We have been fortunate to assist dozens of companies and brands with this in-depth approach, as illustrated in our many [client case studies](#).

## Case Example: A Better Way to Measure and Improve Customer Experience

In particular, our work with a multi-national supplies distributor provides a tangible example of the sustained customer experience and loyalty improvements that can be achieved with our HUMAN Brand methodology. Our work with this client illustrates how each contributes to lasting customer loyalty.

The HUMAN Brand CEM process involves three key steps.



**1** Benchmark Experience Assessment & Segmentation



**2** Ongoing Tracking By Touchpoint & Segment



**3** Customized Support By Segment



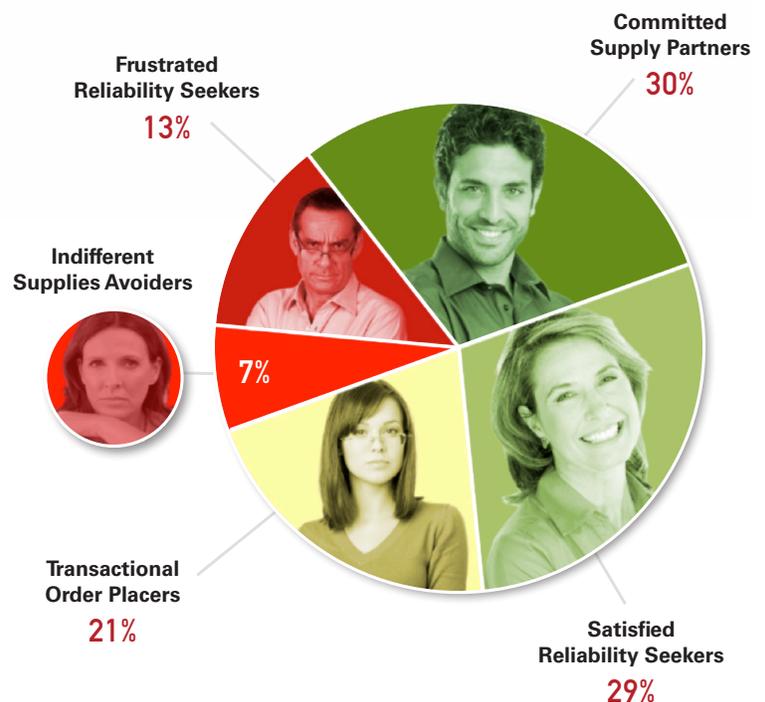
### Benchmark Experience Assessment & Segmentation

In early 2014, the client management team made the decision to focus on becoming a more customer-centric organization with a “customer-first” culture by gathering ongoing customer experience feedback that could be used to guide business strategy and implement targeted marketing initiatives. In particular, the company sought to implement a truly comprehensive and continuous customer experience measurement and improvement program.

After working with the client marketing and leadership teams to define the scope and desired outcomes from the program, our firm gathered benchmark experience feedback from over 8,000 customers to create a foundation for ongoing tracking and improvements. This benchmark study captured customer warmth and competence priorities, perceptions, emotions and loyalty. In addition, the study identified five distinct attitudinal segments of customers, each with very different priorities, perceptions and loyalty, as illustrated below.

Our analysis of the benchmark customer data revealed that while our client was exceeding customer expectations on several competence dimensions, such as competitive payment terms and electronic billing, they were falling short on critical warmth dimensions. So despite that the vast majority of customers were quite satisfied and loyal, certain customer segments were still being inadvertently alienated by poor and inconsistent customer experiences.

#### Benchmark Supplies Customer Segmentation



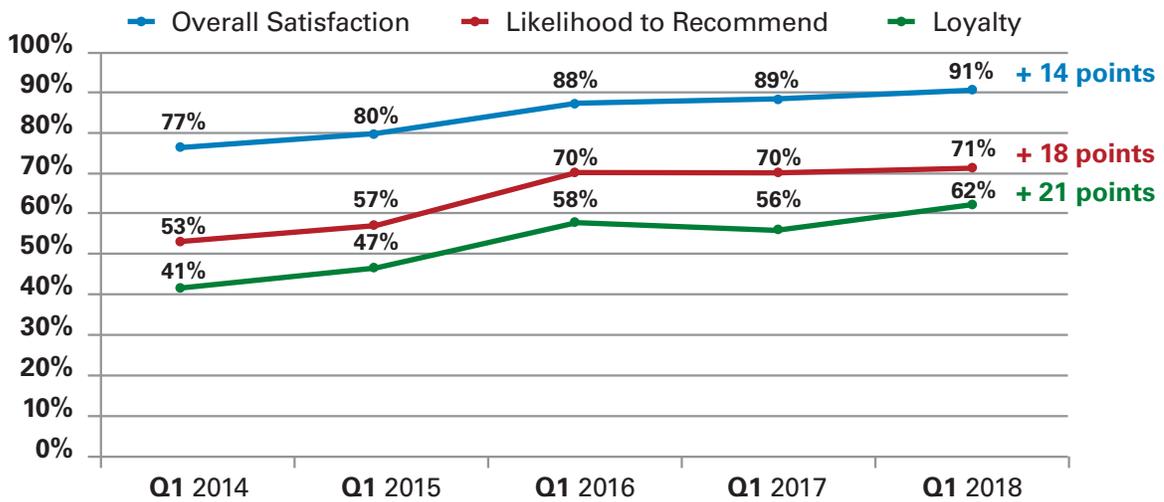


## Ongoing Tracking By Touchpoint & Segment

Based on these findings, our firm implemented a HUMAN Brand customer experience tracking program across critical touch points that included personalized correspondence and an early alert system that routed customer concerns to a dedicated problem resolution specialist that would follow-up personally within 48 hours. During the first year, over 16,000 customers provided customer experience feedback and over 1,000 customer problems were proactively identified and promptly resolved through the tracking program.

In addition, a number of other operational changes were made based on the timely feedback received. These included simple but greatly appreciated improvements, such as increased inventory in certain locations, reduced supplier drop-shipping and enhanced website search features. Customers responded with double-digit increases in satisfaction, willingness to recommend and loyalty. Importantly, these significant customer experience and loyalty improvements have been sustained over the past four years, resulting in outstanding business performance.

### The HUMAN Brand CEM Impact on Client Performance

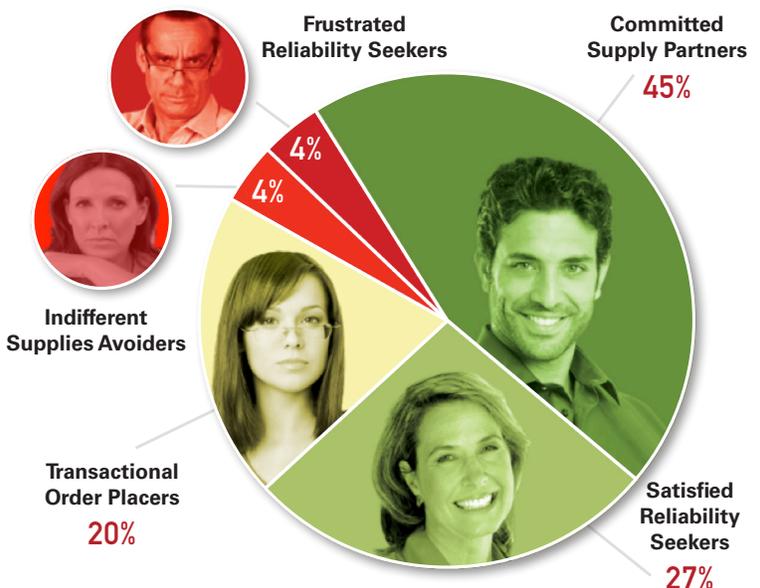


## Personalized Support By Segment

Importantly, the strongest customer experience and loyalty gains were achieved with customers in the Frustrated Reliability Seeker and Indifferent Supplies Avoider segments. This was accomplished with communication and support that was customized to the unique warmth and competence priorities and perceptions of these customer segments. These personalized experiences are critical to achieving stronger loyalty, as they demonstrate a deep understanding and commitment to customer priorities and needs.

As a result of this tailored communication and support, our client experienced a dramatic shift in the proportion of customers in each attitudinal segment. In particular, the most loyal and valuable segment, Committed Supply Partners, grew from 30% of customers to 45%. At the same time, the most troubled and unhappy segments, Frustrated Reliability Seekers and Indifferent Supplies Avoiders, declined from 20% of customers to only 8%.

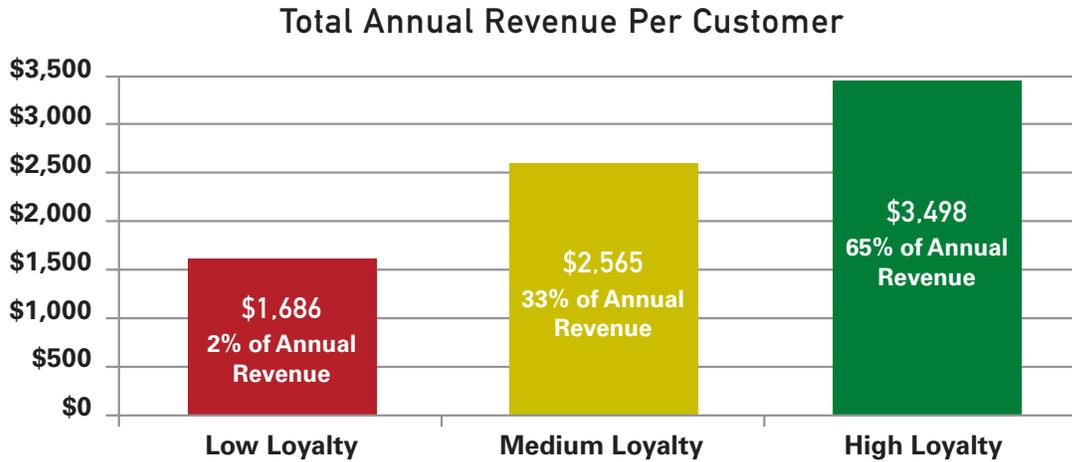
### 2018 Supplies Customer Segment Mix





# Compelling Financial Benefits

Our client found compelling financial benefits from building stronger customer loyalty, as those accounts reporting the strongest loyalty spend 36-107% more on office supplies with them annually. In addition, their most loyal customers contribute fully 65% of annual revenues, as shown below.



Perhaps most importantly, our HUMAN Brand CEM methodology provides a measurable impact on revenue, as illustrated by the structural equation model shown below. This analysis indicates that for every 1 point increase in warmth and competence perceptions (on a 7 point scale), customer loyalty to the client increases by .91 points. In addition, for every 1 point increase in customer loyalty (on a 7 point scale), **annual revenue increases by \$356 per customer – a 12% increase!** This highlights the clear and significant financial impact that can be achieved with the HUMAN Brand approach to customer experience measurement and management.



Our in-depth HUMAN Brand methodology is a powerful diagnostic tool that pinpoints the specific customer experience dimensions that drive loyalty, as well as which ones need to be improved to strengthen it. As a result, many of our clients that previously focused on Net Promoter score tracking have found our HUMAN Brand CEM process to provide the roadmap they lacked to achieve significant growth in their customer experience and loyalty performance. Unlike other CEM methods, the HUMAN Brand process goes well beyond the traditional competence-oriented attributes of customer experience to assess the warmth and intention dimensions that are the dominant drivers of loyalty and trust. In addition, it identifies exactly which customers should be addressed with customized experience enhancements. As a result, our HUMAN Brand research delivers much more in-depth insights that can be acted upon with greater precision to achieve significant and lasting improvements in customer experience and loyalty.

**Supplies Client Testimonial**

**“ We selected Fidelum Partners to be our customer experience insights partner based on their extensive experience and expertise in understanding customer behavior and loyalty triggers. Their clear and actionable insights enabled us to successfully pinpoint and address customer experience issues, resulting in a steady improvement in satisfaction and loyalty. ”**

# Getting Started

To help companies and brands deliver experiences that result in lasting loyalty, Fidelum Partners offers a broad selection of HUMAN Brand insight, strategy and support services. They are designed to provide customer experience professionals with the roadmap, tools and expertise needed to deliver world-class business performance.

## Our tailored HUMAN Brand customer experience solutions include:

- Benchmark Customer Experience Assessments
- Customer Segmentation & Tracking Algorithms
- Predictive Analytics & Financial Analysis
- Ongoing Measurement & Tracking
- Performance Dashboards & Reporting
- Personalized Communication & Support

For more information about HUMAN Brand customer experience measurement or other Fidelum Partners services, please visit our website at <http://Fidelum.com> or call us for a free consultation at 610-994-4000.



## About the Author

Chris Malone is Founder and Managing Partner of Fidelum Partners. He previously serviced as Chief Marketing Officer for Choice Hotels International and Senior Vice President, Marketing for Aramark Corporation, after advancing through roles at The Coca-Cola Company, NBA Properties and Procter & Gamble Company. Chris is also co-author of the award-winning book, *The HUMAN Brand: How We Relate to People, Products & Companies*. He is a sought after keynote speaker and frequent guest contributor to CNBC, FOX Business, Bloomberg TV, Wall Street Journal Live, Forbes and Businessweek.



## About Fidelum Partners

Fidelum Partners is a research-based consulting and professional services firm focused on customer insights, loyalty and growth strategies that help our clients achieve sustained performance. We take pride in carefully building lasting relationships with our clients and keep their best interests at the forefront of everything we do. Our valued clients include the following leading companies:



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