

Loyalty Marketing

By Louise K. Stevens

In a downmarket economy, loyalty marketing is everything. In a crisis market that adds emotional stress to economic worries, it needs to be the centerpiece of marketing strategy.

This month's newsletter focuses on building loyalty as one of the consistent audience development strategies for every cultural organization, every size budget. During November and December, most cultural organizations do year-end campaigns. Finding the right message is particularly crucial this year. Traditionally, arts and cultural organizations have sought customer loyalty through subscription and membership offers. The basic offer is discounts based on frequency of participation, invites to special events, and more communications. Right now, is that approach viable?

Yes, as long as the benefits are described, and are definitely filling customers' emotional needs, not just convenience needs. Now is the time to focus on relationship-building and loyalty-building, not just membership or contributions' sales. There is a term for this: emotion marketing. (Think Hallmark Cards.) It means telling your members, "You matter to us." And it means telling them why your organization makes a

difference in their lives. Now, more than ever, our sense of community matters.

"There is a significant difference between satisfaction, which is largely a passive customer condition, and loyalty, which is an active or even proactive relationship with the supplier. ...Customers' image of a business, along with the perceptions about product and service performance, influences their overall perceptions about the quality relative to competition. These evaluations create value that leads to a loyal customer relationship."¹

Many cultural organizations are wary of making too strong an appeal, fearing they will hit a sour note as people are focused on contributing to vital causes related to the events of September 11. But right now there is great opportunity to get the story out, describing what your organization means to the community and what solace and strength the community receives in return. In recent years, we've seen growing numbers of people lose interest in their community's nonprofit cultural organizations. There's been a growing level of cynicism. There are too many sentiments that cultural organizations "just want my money." This can be

¹. Marketing Management, Spring 2001



a time to challenge and change those sentiments, and (re)position your organization in peoples' minds.

“When people are in a crisis, in turbulent times, they really need open, honest, thoughtful communication. Being straightforward will be far more effective in these times. Honest communication is one of the rules of loyalty that you can't break.”²

Use this year-end to be open and straightforward with your audience, your community. With conviction and meaning, tell why what you do matters. With just as much conviction, tell why your audience matters. Make it personal. Focus on the relationship. Focus on your community.

This is a good time to reinforce what your organization has meant historically to your audience and your community, and what it will mean for generations to come. Cocooning is out; “neighborhooding” is in. People are seeking a sense of place and seeking out organizations that bring them together with others in a shared sense of community. So right now it means less to talk about how important your organization is regionally, nationally or internationally; it means more to stress what you have done here at home.

Subscription and Membership: Finding the Value Point

The younger the audience prospects, the less likely they are to subscribe or seek membership. For a host of reasons, these concepts are unappealing to many prospects, particularly younger attendees. They are only likely to put their money into subscription or membership

when they are absolutely certain they will get their money's worth, and then some. Think of gym passes, ski passes, club memberships. The younger the target audience, the more that audience calculates the point at which they will have made money on the deal. Most subscriptions and memberships don't offer that kind of discounting.

This is a good time to start thinking about introductory offers that make the deal too good to refuse. Old-fashioned approaches are worth attention: two for the price of one; buy three and get the fourth free; first year membership fee waived with the purchase of four event tickets. Yes, these are deep discounts. But if gaining the chance to build loyalty is your goal, and you have the ability to retain these new subscribers or members for a second season, the cost is made up in repeat sales. Think how much each telemarketed series ticket costs, up front. Then think about the value of significantly deep discount offers for new subscribers or members.

What about building loyalty with nonsubscribers or nonmembers? Our field has traditionally placed extreme emphasis on converting single-ticket members to subscribers, and general admission buyers to members. In a hot economy, we've been in the driver's seat, forcing consumers into our loyalty mechanism. But what about now?

Take a look at what other relatively high-cost leisure industries are doing. A quick tour of ski resort offerings this year, for example, shows that getting those skiers back the second time is just as important as selling season passes. There have never been more options to win loyalty at whatever level of up-front spending and commitment the consumer wants. Sure, the accounting costs are higher, the margins very low. But the loyalty opportunities: priceless.

² Frederick Reichfield, *Direct Magazine*, November 1, 2001



Using Buzz Marketing

Downmarket economies require maximizing the impact and return of each marketing dollar, with fewer dollars to spend. Public relations and spreading the buzz, basic fundamentals of the marketing mix, are essential right now. Creating new buzz takes a lot of legwork, but nothing replaces it. If you haven't read *The Anatomy of Buzz*, by Emanuel Rosen, get it. Here are his "Four Rules of a Successful Seeding Campaign," in which he describes "planting seeds all around the forest" rather than waiting for people to come through your door.

- ❖ Look beyond the usual suspects. Think broadly, identifying the social circles, academic disciplines and others that *don't* talk actively about what you do.
- ❖ Go out and seed them. Put the product in their hands. Samples sell.

- ❖ Reduce the price barrier. (See previous article)
- ❖ Listen for silence. Don't assume it means no interest. Pay attention to the "dead networks" and do further seeding.

This advice is key to building loyalty marketing. Word of mouth motivates enthusiasm, reinforces choice, creates momentum. Focus group participants regularly tell us they join or get subscriptions when their friends talk up the organization. People love being a part of the crowd.

Are you sowing enough seeds? Are you scattering them broadly?

