

EXPERIENCE BRANDS AND THE NEW ENGAGEMENT MODEL

2010: THE YEAR OF EXPERIENCE BRANDS

EXPERIENCE BRANDS RULE

“The brands that lead in the 21st century will be experience brands.”

[So we argued in the first in our series of experience brands articles to published by Jack Morton in 2010.](#) Brands are defined more by what they do than what they say—and brands that put as much emphasis on the experience around their products and services as they do on their products and services themselves will do very well indeed.

But why? What is it about experience brands that makes people prefer them over more traditional competitors?

So that’s the topic of this article: examining the key drivers that make experience brands resonate right now. Leveraging new research commissioned by Jack Morton and conducted among consumers in the US and China, in the pages that follow we address this question by exploring:

- New research on consumer preference and experience
- The new engagement model
- How experience brands gain a competitive edge

Look for more articles from Jack Morton on experience brands throughout 2010.

Liz Bigham
SVP, Director of Brand Marketing
Jack Morton Worldwide

**WHAT IS IT
ABOUT
EXPERIENCE
BRANDS THAT
MAKES PEOPLE
PREFER THEM
OVER THEIR
COMPETITORS?**

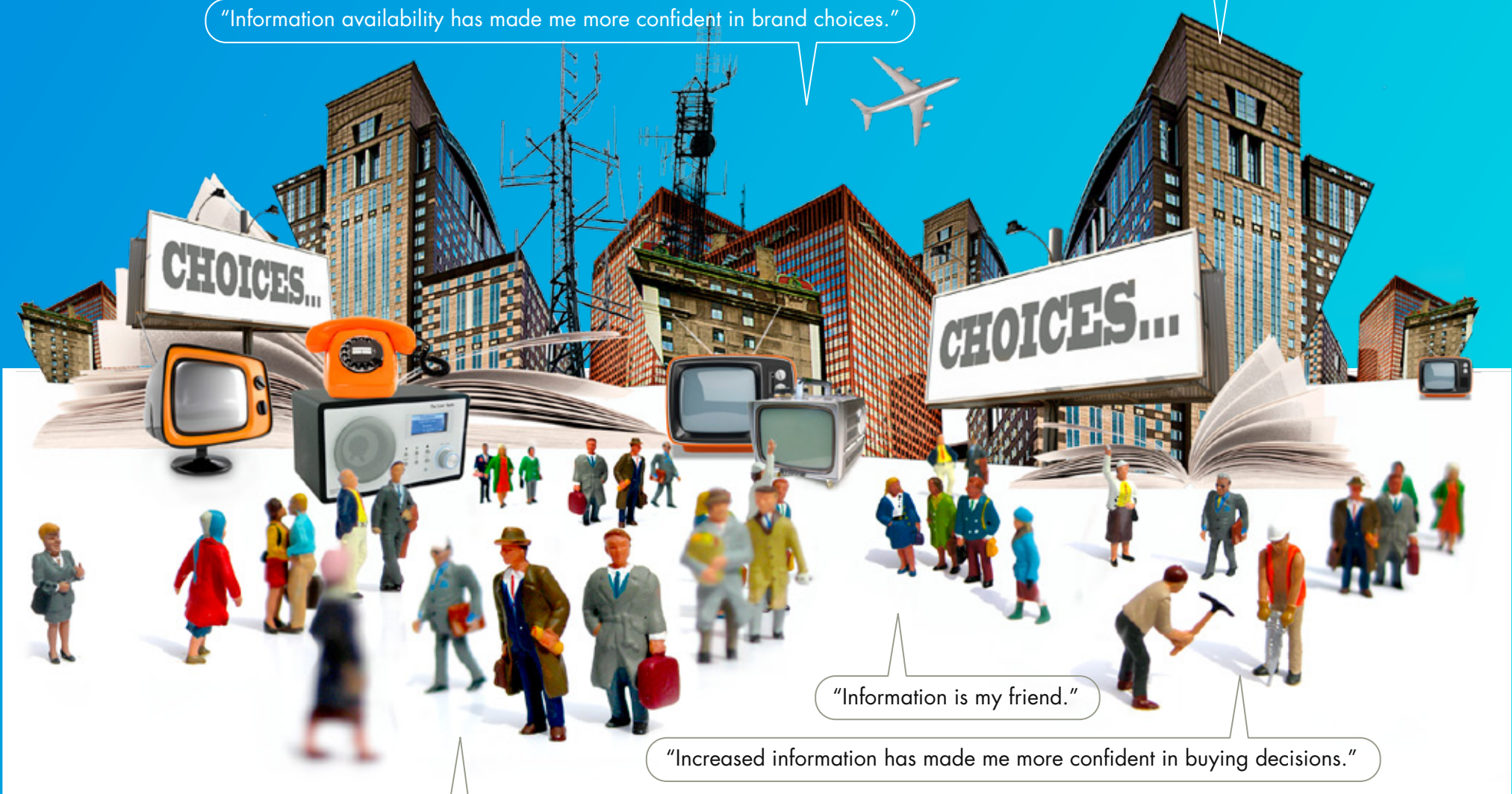
"Increased information has also increased my satisfaction with brands."

"I always seek out trusted sources for information on brands."

"There is much more information available than just a few years ago."

"Information gives me control in my buying decisions."

"Information availability has made me more confident in brand choices."



"Information is my friend."

"Increased information has made me more confident in buying decisions."

"In a world of conflicting information, I compare lots of information in order to arrive at what I will regard as the truth."

"I'm more interested in brand information now than I was several years ago."

NEW RESEARCH ON CUSTOMER PREFERENCE AND EXPERIENCE

New research offers intriguing proof points to customers' preference for experience brands today. The research comprised interviews with consumers ages 18 to 64 in the US and China, and was conducted in November and December, 2009.

A big headline for marketers: customers have an enormous capacity and desire to feel empowered by information about the brands and products they buy. This revelation runs contrary to the conventional wisdom that casts consumers as overwhelmed by media, drowning in "TMI" —too much information about brands, products, everything under the sun.

In fact, customers say they feel empowered by information. When asked about brand and product information, they are most likely to say it makes them feel "in control" and "smarter" and least likely to say it makes them feel "overwhelmed" or "confused" (see chart 1).

The fact that 87% of customers summarize their feelings by stating that "Information is my friend" not only contradicts the conventional wisdom; it also reinforces the degree to which experience brands can become customers' friends, too—by engaging and educating them.

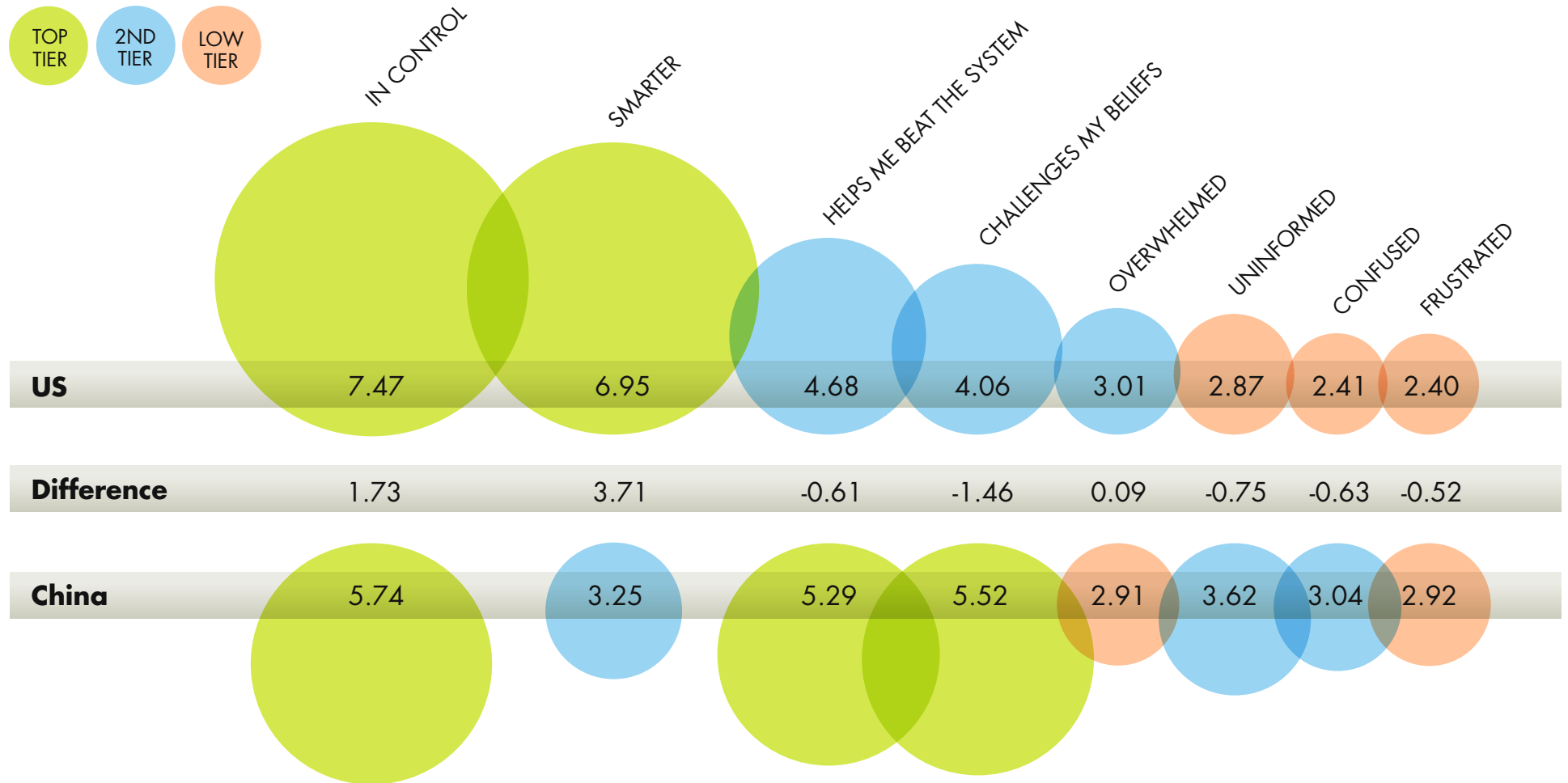
Lesson to brands: customers want information, and they want truly engaging experiences. Give them both in a single package, and it will build your experience brand and drive brand love.

¹ The research comprised 600 online interviews in the US, and 1,200 interviews in China (600 online and 600 face-to-face). In both, the respondents were equally divided across gender and age (defined as Gen Y [ages 18-24], Gen X [ages 25-44], Boomers [ages 45-64]). Respondents were asked about new brands first purchased in the past five years, including considered product purchases (autos, insurance, banking, computer, software) and nominal product purchases (over the counter pain relievers, household cleaning, fast food, snacks).

**87% SAY
"INFORMATION
IS MY FRIEND."
EXPERIENCE
BRANDS
CAN BECOME
CUSTOMERS'
FRIENDS, TOO—
BY ENGAGING
AND
EDUCATING
THEM**

INFORMATION EMPOWERS CUSTOMERS

FEELINGS ABOUT INFORMATION
(MEAN RATINGS; 1-10)



As part of the research, customers were also asked about what channels make them aware of new brands and products—and what channels are most valuable in influencing their actual purchase decisions (charts 2-3).

The results speak to the power of a new engagement model.

For example, in the US, while channels consistent with the old broadcast model remain the top choices for generating awareness, much more engagement-driven channels are overwhelmingly the top choices for influencing purchase decisions.

Engagement-driven channels” are those which enable consumers to interact, converse, ask and see for themselves. Many of these channels are controlled by consumers themselves—like friends and family from whom consumers request and receive recommendations—but can be inspired by smart brands. Experience brands, in particular, do things that get people talking about them. In the era of social media, they create “talk-worthy” experiences as a matter of course.

According to the research, consumers say at beginning of engagement-driven channels are the most likely to inspire them to buy. In China, the top influence on purchase decision is observing others use the product/brand (64%)—a scenario that experience brands do very well at creating.

**ENGAGEMENT-
DRIVEN
CHANNELS
ARE THE TOP
INFLUENCERS
OF PURCHASE
DECISIONS**

WHAT MAKES YOU AWARE?

HOW CUSTOMERS SAY THEY BECOME AWARE OF BRANDS AND PRODUCTS

TOP TIER

2ND TIER

LOW TIER

	US	China	Difference
(Base:)	(601)	(1212)	
	%	%	%
Advertising (TV, print, online ads)	45	39	6
Friends and family who volunteered their opinion	43	48	-5
Observing people use product/brand	30	52	-22
Research conducted online	28	17	11
Friends and family from whom you sought out opinions	27	43	-16
Information at store or on-shelf	27	30	-4
Company's website	24	24	0
Promotion/sponsorship from the company	24	27	-3
Sales material by company that came to you	19	26	-7
Product reviews by experts	17	19	-2
Product reviews by peers	16	15	1
Research conducted offline	15	13	2
Sales material by company that you sought out	14	20	-6
Salesperson at point of sale	14	37	-23
Direct mail with special offer from company	14	13	0
News media	12	27	-15
Email or text message with special offer from company	8	13	-4
Telemarketing with special offer from company	5	13	-8

WHAT MAKES YOU BUY?

WHAT CUSTOMERS SAY IS MOST VALUABLE IN INFLUENCING THEIR ACTUAL PURCHASE DECISIONS

TOP TIER

2ND TIER

LOW TIER

	US	China	Difference
(Base:)	(601)	(1212)	
	%	%	%
Friends and family from whom you sought out opinions	53	53	0
Friends and family who volunteered their opinion	49	55	-6
Research conducted online	49	30	19
Promotion/sponsorship from the company	42	32	10
Product reviews by experts	42	31	11
Product reviews by peers	39	24	15
Company's website	36	19	18
Information at store or on-shelf	34	28	6
Research conducted offline	34	30	4
Observing people use product/brand	34	64	-31
Advertising by the company	31	20	11
Sales material by company that you sought out	25	21	4
Sales material by company that came to you	23	16	7
Direct mail with special offer from company	22	14	9
Salesperson at point of sale	19	29	-10
News media	12	25	-14
Email or text message with special offer from company	9	11	-2
Telemarketing with special offer from company	5	8	-4

OUT WITH THE OLD...

Experience brands are right for today's marketplace and today's customers because they understand and leverage a new model of brand-building built on engagement.

The new engagement model very much reflects the results of the research. It contrasts to several other models that feel comparatively old and ineffective. Here are two such models:

- **The echo model**

This is the model that appeals to my seven year-old: it involves his hearing a brand message again and again, probably on numerous platforms (TV, online game sites), resulting in his memorization and repetition of that message—and often some kind of showdown with his mother, say in the sugary drinks aisle. It's a powerful model (measured in awareness generated), but a very expensive and decreasingly effective one (measured in resulting purchase).

- **The persuasion model**

This is the model that tries to convince me to do something I hadn't intended to do. It's about influencing a purchase decision based on what can feel like a tricky sleight-of-hand. For example, a brand tries to persuade me to buy a product I perceive as unhealthy by changing the subject, perhaps to price or nostalgia or some other factor that may inspire a one-time buy. Persuasion may work in the short term, but customers can just as easily be tricked by your competitors. [And as Alan Mitchell recently argued, "There's scant evidence that \[persuasion marketing translates\] into a long-term ability to influence the evolution of markets or build strong, sustainable brands."](#)

**ENGAGEMENT
ENABLES
INTERACTION,
CREATES
DISTINCT
EXPERIENCES
THAT CONNECT
BRANDS AND
PEOPLE, AND
PROVIDES
SOMETHING
THAT STANDS
OUT AS
VALUABLE AND
BELIEVABLE**

Persuasion Model

Engagement Model

Echo Model



IN WITH THE NEW...

The engagement model

By contrast, the new engagement model is built on a set of positive beliefs about customers—beliefs that imply confidence in products and a willingness to empower customers to make smart decisions about them. Experience brands embrace the new engagement model—and customers return the vote of confidence by choosing them over their competitors.

- **Customers are smart and want brands to act like they believe it.**

Experience brands are good at creating moments of dialogue. Customers have a chance to hear and talk about products that will enhance their lives.

- **Customers are emotional, sensory, intellectual and rational.**

Experience brands are good at creating experiences that combine entertainment, inspiration, education, illumination.

- **Customers' time is precious.**

Experience brands are good at making every moment they have with customers count—by giving them a great brand experience that's tailored to their needs and wants. (Check out a [past white paper on experience brands and time.](#))

- **Customers prefer to be persuaded by people they can interact with....**

By their very nature, experience brands create moments in time, or better yet, ongoing communities of brand advocates, that enable meaningful interaction where customers can “see” (literally or figuratively) who they're talking to.

- **...Or by brands that are offering them something unique and valuable.**

Experience brands excel at offering customers experiences that are distinctive and sought out.

- **Customers take pride in making smart decisions.**

Experience brands inherently acknowledge this when they create the conditions where customers can give feedback (positive or negative) face-to-face. This attitude conveys experience brands' great confidence that, following their experience, customers will feel good about the brand.

- **Customers resent finding they've made dumb decisions.**

See above.

Ultimately, the new engagement model is what drives experience brands to connect with people instead of just talking at them, to provide something of value that stands out from the endless repetition of the echo model and that feels more authentic and believable than the persuasion model.

EXPERIENCE BRANDS LEVERAGE PEOPLE AS THE ULTIMATE MARKETING CHANNEL

The new research speaks to the need for a new engagement model, based on creating experiences where brands share information to help consumers make better purchase decisions, or bring consumer communities together to share information. The echo model, where brands spend simply to create awareness, or the persuasion model, where brands simply tell consumers what to think, just won't hold in this era of experience brands.

There's also a critical truth revealed in the new research: experience brands leverage people as the ultimate marketing channel, by truly comprehending the extent to which customers can become conduits to more customers.

And that's a critical reason for the success of experience brands today: no matter how digital our communication channels become, it's ultimately the influence of real people, particularly those who've had really great experiences, that fuels real growth for a brand (particularly when they leverage digital channels to maximize reach).

**THE RESEARCH
SPEAKS TO
THE NEED
FOR A NEW
ENGAGEMENT
MODEL, BASED
ON CREATING
EXPERIENCES
WHERE
BRANDS SHARE
INFORMATION
TO EMPOWER
CUSTOMERS,
OR BRING
CUSTOMER
COMMUNITIES
TOGETHER
TO SHARE
INFORMATION.**

Experience brands' competitive edge is revealed in the new research in many ways:

- In both the US and China, the top influences on purchase decision involve people, not media. In the US, the number one influence is word of mouth (opinions sought out from friends and family). In China, the number one influence on purchase decisions is people seeing other people using brands and products.
- Similarly, people are the #1 influence when customers are considering switching products. In the US, information from friends and family is the top driver, 3% more likely than product price to influence a switch; in China, information from friends and family is again #1, 24% more likely than product pricing to influence a switch.
- Past [research conducted by Jack Morton has shown that hands-on brand experiences are most likely to result in word of mouth advocacy](#) on behalf of a brand. [Research has also shown that the ability to interact with a product or brand \(or someone representing the brand\) is the most appealing aspect of live brand experiences](#) in the minds of consumers.
- Experience brands understand that the customer experience has to carry through to the experience of actually using the product or service—and they influence what happens after the sale by continuing to educate customers.
- As revealed in the new research, this is critical, because the vast majority of customers say they are interested in information about brands—yours and your competitors'—after they've purchased a product.

EDUCATING CUSTOMERS AFTER THE SALE IS CRITICAL

CUSTOMERS NOTICE AND SEEK OUT INFORMATION. IGNORING THIS REWARDS YOUR COMPETITORS

HIGH

LOW

HOW MUCH ATTENTION DO YOU PAY TO RECENT INFORMATION ABOUT BRANDS?

	US	China	Difference
(Base:)	(601)	(1212)	
	%	%	%
I ignore it	13	24	-11
I notice it	60	55	5
I seek it out	26	20	6

REASONS DRIVING ATTENTION TO INFORMATION?

	US	China	Difference
(Base:)	(521)	(532)	(509)
%	%	%	
Learn about improvements	51	43	8
Learn about promotions	48	40	9
Find out new features	48	40	8
Like to stay up-to-date	46	38	7
Get more out of product	39	42	-3
Find out new uses	36	34	2
Improve performance of product	35	37	-2
To reinforce or validate your decision	33	26	7
Find out new thinking about the brand	30	37	-7
Want to be an authority on this	15	13	1

**CONTINUING
TO ENGAGE
AFTER THE
SALE GUARDS
AGAINST
DEFECTIONS
AND HELPS
MAKE CURRENT
CUSTOMERS
BETTER ONES.**

- For example, in the US, 86% of customers either notice information (60%) or actively seek out information (26%) about products in the category after they've purchased (chart 4).
- Continuing to engage customers after the sale guards against defections to competitors and also helps make current customers better customers (that's certainly the thinking behind some of the most effective business-to-business marketing strategies, for example).
- The edu-marketing approach may also play to socio-cultural forces that place a premium on the social currency of being an informed consumer. Research certainly suggests consumers take pride in being in-the-know. Almost a third of US consumers surveyed were highly likely (9/10 rating) to agree: "I take pride in being knowledgeable about the brands I use." Nearly one in four consumers in China were highly likely (9/10 rating) to agree: "Wisdom and experience play major roles in my decision making." So keeping customers engaged with information rich brand experiences is likely to make them feel good, and inspire them to go out and proselytize to others.

Experience brands gain a competitive edge by leveraging their insights into today's customers to attract and engage customers and inspire credible recommendations—thereby influencing other prospects. Because they generate strong word of mouth, experience brands market more efficiently. And because they regard the customer experience as carrying through to great user experiences and community experiences that keep people educated and engaged, they guard their market share against competitive threats.

[NEXT UP]
**IN OUR NEXT ARTICLE
IN THE SERIES, WE
LOOK AT HOW
EXPERIENCE BRANDS
ENGAGE THEIR
INTERNAL EMPLOYEE
AUDIENCES.**

SHARE THIS EXPERIENCE

If you like this article, please share it with your friends and colleagues

 **SHARE ON DELICIOUS**

 **SHARE ON DIGG**

 **SHARE ON FACEBOOK**

 **SHARE ON LINKEDIN**

 **SHARE ON TWITTER**

 **SHARE VIA EMAIL**

Follow us on Twitter @jackmorton

For more information, contact Liz Bigham at
liz_bigham@jackmorton.com or 212-401-7212.

JACK MORTON WORLDWIDE IS A GLOBAL BRAND EXPERIENCE AGENCY. WE CREATE EXPERIENCES THAT STRENGTHEN RELATIONSHIPS BETWEEN BRANDS AND THE PEOPLE WHO MATTER MOST TO THEM—THEREBY HELPING OUR CLIENTS BECOME TALKED-ABOUT EXPERIENCE BRANDS. RATED AMONG THE TOP MARKETING SERVICE AGENCIES WORLDWIDE, WE INTEGRATE LIVE AND ONLINE EXPERIENCES, DIGITAL AND SOCIAL MEDIA, AND BRANDED 3D ENVIRONMENTS THAT ENGAGE AND INSPIRE CONSUMERS, BUSINESS PARTNERS AND EMPLOYEES. OUR STAFF WORK ACROSS THE US, EUROPE AND ASIA-PACIFIC AS PART OF AN IDEA-LED AGENCY CULTURE.

© Jack Morton Worldwide 2010

2010: THE YEAR OF EXPERIENCE BRANDS