

Discovering the Missing Link to Brand Loyalty Wunderman Brand Experience/Scorecard™



W U N D E R M A N
brand experience/scorecard

Customers remain loyal to a brand
only if the quality of their daily experience
with it is positive and growing.

Daniel R. Morel — Wunderman Chairman and CEO

Discovering the Missing Link to Brand Loyalty

Wunderman has broken new ground with a comprehensive diagnostic tool for measuring brand success. The innovative *Wunderman Brand Experience/Scorecard™*, based on more than two years of intensive research, shows the pivotal role that day-to-day consumer experience plays in the brand-building process. The Wunderman study not only identifies what consumers see as the three most important factors in creating commitment to a brand, but also ranks some of the world's leading brands by these criteria. Most important, the research offers marketers, in any industry, a new way to assess the performance of their own brands—a model based on actual customer experiences, not just brand perception.

Rewriting the Branding Book

The *Wunderman Brand Experience/Scorecard* proves that brands are not just the sum of what marketers say in communications. Rather, brands are “lived” phenomena that actually happen to people in everyday life. Consumers consider all their interactions with a brand in deciding what it is, does and means. Adopting the more expansive “brand as experience” framework can help marketers create a broad new canvas for carrying out a brand's vision.

Studying Branding Around the World

While the pioneering *Wunderman Brand Experience/Scorecard* initially focused on North America, our findings have global implications. In 2003, we are building on this knowledge with major brand experience studies in Europe and Latin America, with future initiatives planned for other parts of the world. It's all part of Wunderman's ongoing effort to derive the most critical knowledge from customer data, so we can better serve our clients, their brands and their customers—wherever they may be—with creative, customer-centered solutions.

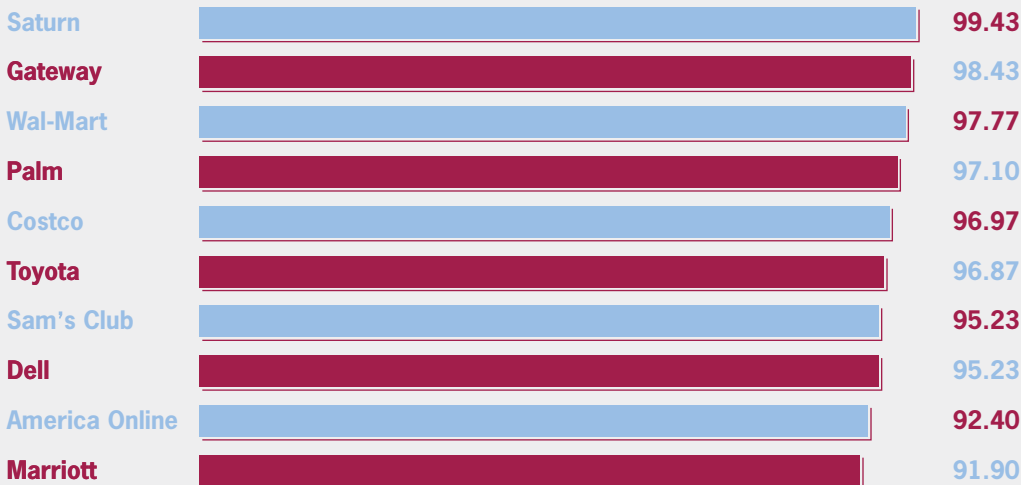
How America's Leading Brands Stack Up

The *Wunderman Brand Experience/Scorecard* study ranks the top experience brands as well as those that are falling behind. It also details what experience leadership means in categories like airlines, cosmetics and computers, and which brands rank differently by gender. From the many brands ranked in the complete study, here are the overall top ten experience brands in the United States.

The Wunderman Brand Experience/Scorecard

is based on data collected from over 10,000 consumers regarding their usage of 1,993 brands across 190 industries from 2000–2002. Wunderman worked closely with marketing theorists Dr. Susan Fournier of Harvard Business School and Dr. Kevin Keller of Dartmouth's Tuck School of Business. NPD carried out the fieldwork. The investigation was driven entirely by Wunderman with no ties to, or funding from, any client organization.

Wunderman Brand Experience/Scorecard



The 2002 ranking is based on a composite score of the brand's percentile rank on each of the three diagnostic pillars. It's an aggregate score that reflects how well a brand does on all three measures—performance, treatment and community—compared to all other brands in the study.

Top Brands and the Pillars Supporting Them

What sets leadership experience brands apart? According to the thousands of customers we polled, they excel in what we've discovered are three key building blocks of brand experience:

- Performance:** The brand meets needs better than alternatives
- Treatment:** Favorable interactions with the brand
- Community:** The degree to which consumers identify with other brand users

The Wunderman Brand Experience/Scorecard rewrites the traditional brand book.

Now we can see **beyond perception** to the crucial role that consumer experience itself plays in the brand-building process.

David Sable — Wunderman Vice Chairman and President, Worldwide Operations

The brands topping the *Wunderman Brand Experience/Scorecard* list have several things in common. Nearly all are market leaders. None is a high-end or luxury brand that lavishes marketing money on comparatively few users. In fact, the entire winners list tends toward brands that populate everyday life—brands that are genuine, authentic and real.

Interestingly enough, all of the top ten leading brands in the U.S. practice marketing in a way that couldn't be done years ago, in part because, with the exception of Marriott, none of them existed 50 years ago. Saturn is based on a radical business model. Palm on new technology. Wal-Mart on a unique distribution system and pricing approach. Yet even with more traditional brands from the Top 25 like Sears (#11), Chevrolet (#17) or Levi's (#23), one thing is clear: they do things differently.

The Wunderman Brand Experience/Scorecard

was developed as an extension of the Young & Rubicam *BrandAsset® Valuator* the largest ongoing study of brands. The *BrandAsset Valuator* reveals how the four pillars of a brand—Differentiation, Relevance, Esteem and Knowledge—contribute to Brand Strength and Brand Stature.

The Wunderman Brand Experience/Scorecard

complements the *BrandAsset Valuator* with a model that shows how Performance, Treatment and Community impact the three levels of loyalty that make up brand experience.

The Yin and Yang of Brand Experience



Performance

*Does it meet my needs?
Better than other options?*

Treatment

*How are my interactions with the brand?
Does the brand know me?*

Community

*Do I feel a connection to other users?
Interested in more?*

According to the *Wunderman Brand Experience/Scorecard*, the best experience brands balance all three components of brand experience to deliver function, care and a sense of belonging all at once.

A New Paradigm for the New Consumer

Most branding studies in the past emphasized customer perception and ranked brands by category. Perception is still critical, but it's only a part of the branding picture. And as for "category," since consumers don't normally think of the products they use every day by abstract categories, why should marketers? Besides, our research shows that "category" has become an increasingly slippery concept as more and more global companies offer products and services in multiple categories.

The Wunderman Brand Experience/Scorecard is an alternative model that instead takes into account the fundamental shifts in how products and services are sold in today's world, including:

Savvier customers who are better informed and less trusting of marketers, making it harder to shape and retain brand perceptions.

Choice proliferation and media fragmentation that have made "brain real estate" in consumers' heads scarcer, thus the perceptions of brands harder to manage.

More products and services that have cut out the middleman by creating direct relationships with customers, forcing marketers to think of new ways to brand customer interactions before, during and after a sale.

Creating Customer Satisfaction and Involvement

The *Wunderman Brand Experience/Scorecard* shows that there are three broad domains of lived experience that contribute to the success of a brand. Performance refers to the functional quality of a product/service. Brands known for impeccable standards include Sony, Michelin and Kodak. Treatment describes the quality of the interaction between customer and brand, e.g., how a brand responds to and even anticipates consumer needs. Examples of strong treatment brands include Nordstrom, Radio Shack and Lands' End.

Community is perhaps the most emotional element of the brand experience. It is the ability to create a sense of belonging. Apple users know they are intrinsically different from PC users. Saturn and Harley Davidson drivers wave to each other passing on the road. For the *Wunderman Brand Experience/Scorecard*, this was measured by statements like, "I identify with other users of this brand."

The Wunderman research has demonstrated that building superior brand experience is often a process of achieving balance among all the elements.

Consumers are tired of brands that make promises in ads, only to break them in reality. This research not only identifies the brands that truly "walk the talk," it offers marketers an **important new diagnostic tool** to zero in on aspects of the brand experience that trigger brand loyalty.

Chip Walker — EVP, Managing Director, Strategy and Insights, Wunderman New York

Three Crucial Steps Toward the Goal

The *Wunderman Brand Experience/Scorecard* shows that these three experience factors—performance, treatment and community—are what move consumers up what we call the "commitment chain." Performance drives satisfaction. Treatment and community drive involvement. Together they can create a state of satisfied involvement or "brand flow" to keep customers engaged with the brand over time, to move them up the commitment chain.

Wunderman's developmental commitment chain has three levels. It starts with *Level One (Usage)*, that does not imply commitment to a brand. Next comes *Level Two (Attachment)*, indicating further use and preference. If the brand experience continues to be positive, it culminates in *Level Three (Resonance)*, which indicates that a customer strongly relates to the brand.

Wunderman's brand experience research helps you ask the big branding questions: How are you balancing performance, treatment and community? Is one pillar more important to your business? Are women and men **experiencing your brand differently?** Our study can lead any marketer to greater insight about their customers.

Stewart Pearson — CEO, Wunderman Europe, Middle East, Africa

Rethinking Brands from the Customer POV

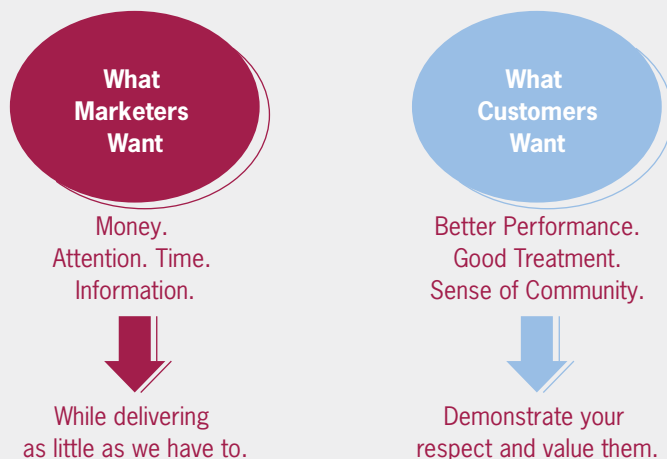
Alongside the leading experience brands, the *Wunderman Brand Experience/Scorecard* also has much to say about brands that are currently falling behind. Many of the less successful experience brands are not meeting the challenge of a largely time-starved audience. Our research confirms that in most societies today, time has become more desired than money. Increasingly, people value experiences more than things. Consumers are really looking for ways to make the most of everyday "lived" experiences. So marketers need to constantly ask themselves, is our brand part of the problem or part of the solution? A brand's role in becoming a solution for its audience can make it stand out for customers. In that sense, the meaning of brand is its use.

Give Women What They Want

The *Wunderman Brand Experience/Scorecard* shows that when it comes to brands, women expect different things than men. The brand she uses must not only perform the way she wants it to, it must treat her the way she wants to be treated, on her own terms, to give her a sense of community and make her feel as if she's part of something special.

It's all about empowering her, not rescuing her, appealing to her holistically, instead of just as another one-dimensional consumer who buys to serve a need. Women are attracted to products and services that build self-esteem by helping them feel good about their selections. The *Wunderman Brand Experience/Scorecard* lists the top ten brands for women as well as those that are not doing as well with female consumers.

Marketers' Desires Are Not in Sync with What Customers Want



Many of today's marketers are out of touch with what customers want.

Profitable customers are born when a powerful brand promise is fulfilled by a brand experience that exceeds expectations. The Wunderman Brand Experience/Scorecard evaluates the **quality and nature** of the brand experience, and thereby helps us create marketing programs that maximize brand profitability.

Jim Williams — EVP, Director of Strategy and Research,
Young & Rubicam/Wunderman, Europe, Middle East, Africa, London

Mastering and Managing Brand Experience

Perhaps the most encouraging learning from the *Wunderman Brand Experience/Scorecard* is the realization that we have the power to deepen our connections with consumers by improving the experiences we create. We build *performance* by understanding needs and meeting them through product/service development and positioning. Grow *treatment* by understanding customers' interactions and handling them appropriately via channeling, planning and data feedback. Lastly, well-executed, viral, grassroots live branding and membership programs can go a long way to building *community*.

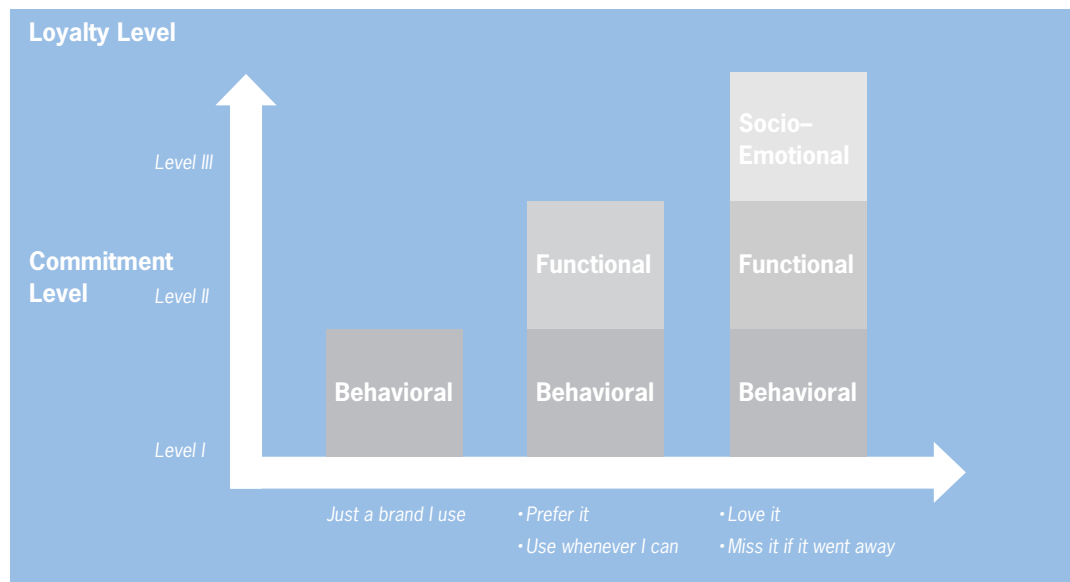


An experience-based view has significant implications for the ways we plan branding.

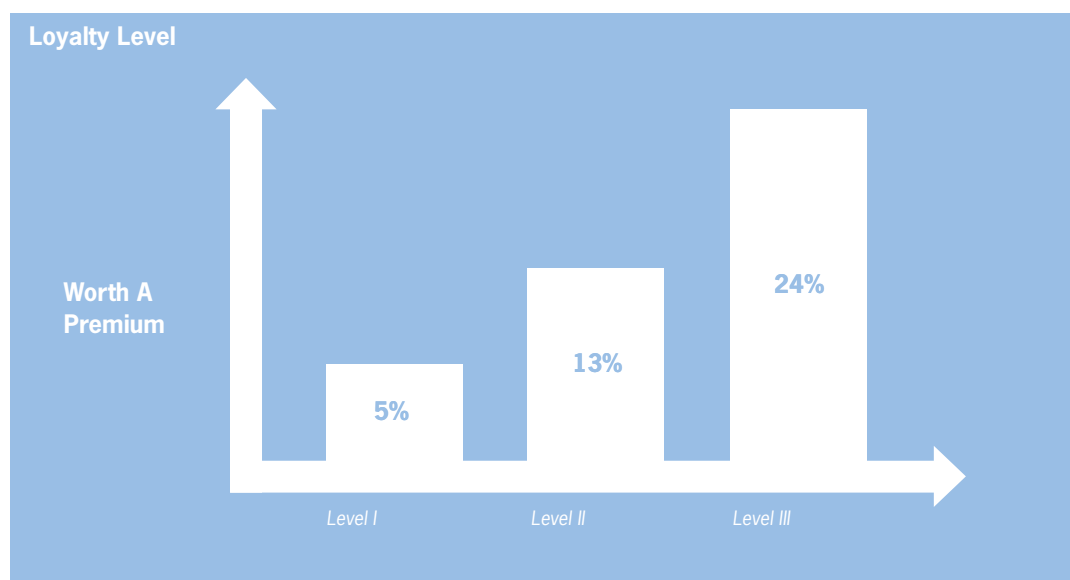
Flirting Is Easy, Commitment Is Hard

The realization that loyalty brings business rewards is not new. Unfortunately, renewed interest in customer loyalty has all too often resulted in consumers being bombarded indiscriminately by invitations to join incentive programs with airlines, retailers, etc. As with any other currency, there's a risk of inflation when too much of something is being offered. These attempts may not have the power to buy what they are aiming for—sustained emotional connection.

The *Wunderman Brand Experience/Scorecard* backs up the idea that winning customer affection is not the same thing as simply winning a customer for the first time. Commitment requires continued daily interactions with a customer. It's crucial for more marketers to put into place a sequence of rewarding brand experiences, if they want to keep the customers committed to the brand.



In our research, we examined the anatomy of brand experience and its power to influence emotional connections with customers. The *Wunderman Brand Experience/Scorecard* is more than just another loyalty study. It goes to the core of what drives emotional commitment with new ways to measure and manage brand experience.



Achieving the highest level of commitment brings many business rewards, such as the ability to command a premium, fundamentally linked to brand strength.

Source: *Wunderman Brand Experience/Scorecard* Wave III, 2002

Branding can no longer just be seen as manipulation of customers by a random set of tactics. The best experience brands actually help customers by creating experiences that add meaning to their lives. And for decades, Wunderman has been showing marketers how to design holistic, **integrated marketing campaigns** to successfully move customers up the commitment chain.

Chip Walker — EVP, Managing Director, Strategy and Insights, Wunderman New York

The Emerging Field of Brand Experience

The *Wunderman Brand Experience/Scorecard* has significant implications for the ways that we do brand planning. In the future, savvy marketers will need to:

Leverage “connections planning.” If a brand is something that happens to people, then how we interact with customers must inform the brand idea. Increasingly, marketing planning departments will include people from traditional media, interactive and even teleservices, all working together to develop how the brand will “happen” to consumers.

Develop consistent brand experiences. Customers today often have a “schizophrenic” brand experience when communications (advertising) and sales generation (direct marketing, promotions, etc.) are done by isolated organizations with different interpretations of the brand. The “brand as experience” view, on the other hand, encourages developing a single experiential proposition that integrates how a brand “talks” with how it “behaves.”

Keep up with increasingly sophisticated consumers. Marketers need to become better at listening to customers and acting upon their new and emerging needs. Fortunately, relationship marketing is evolving as well, with new forms of measurement like the *Wunderman Brand Experience/Scorecard*, and new data collection technologies that will make it easier to measure customer experiences in everyday life.

Promoting Insights, Planning and Action

Since 1958, Wunderman has been showing some of the world’s leading brands how to connect better with customers. One key factor in our success has been the important role that Strategy and Insights play in our day-to-day marketing work. At Wunderman, our planners and strategists partner with every account to develop business and marketing plans, branding and communications strategies, new product launches and much more. It’s a unique approach that combines experience in traditional account planning with new ideas in business consulting.

Our clients count on us to study and analyze the marketplace as a whole, identifying trends and developments that may affect their business and our industry. Wunderman is committed to investing further in groundbreaking research like the *Wunderman Brand Experience/Scorecard*, which was spearheaded by the Strategy and Insights department of Wunderman New York.

To learn more about our brand experience research, or to discuss what Wunderman can do for your business, please contact Chip Walker in New York City at 212 210 3000 or Jim Williams in London at +44 (0) 20 7611 646 or visit us online at www.wunderman.com.

Wunderman Brand Experience/Scorecard Q&A

What Is Brand Experience?

Brand Experience refers to consumers' actual daily lived experience with a brand; it is the sum total of consumers' interactions with a brand, both live and virtual.

Why Did Wunderman Study Brand Experience?

More and more, consumers expect brands to treat them well at all points of contact. These expectations are outstripping marketers' ability to deliver. New metrics were needed to measure brand impact on consumers' everyday experience.

Why Is Brand Experience Important To Marketers?

Wunderman has proven that the quality of Brand Experience drives brand loyalty. Specifically, it dramatically increases consumer commitment to stay with a brand and a willingness to pay more for it.

What Is The Wunderman Brand Experience/Scorecard?

It is a large-scale consumer research initiative from Wunderman that measures the quality of consumers' lived experiences with the nation's leading brands.

What Does The Wunderman Brand Experience/Scorecard Measure?

It measures the quality of consumers' daily lived experiences with the brand based on consumer ratings of three primary dimensions—performance, treatment and community—relative to other brands.

Why Another Study Of Brands When So Many Already Exist?

The *Wunderman Brand Experience/Scorecard* identifies a different kind of brand leader—one that walks the talk, focusing on substance, not hype.

How Do Marketers Improve Brand Experience?

The *Wunderman Brand Experience/Scorecard* diagnoses which aspects of a brand's experience must change to increase loyalty.

How Was The Wunderman Brand Experience/Scorecard Developed?

Wunderman developed this research as an extension of Young & Rubicam's *BrandAsset Valuator*, the largest ongoing quantitative study of brands. Outside experts who consulted with us in developing the *Wunderman Brand Experience/Scorecard* include Dr. Susan Fournier of Harvard Business School and Dr. Kevin Keller of Dartmouth's Tuck School of Business.

Can The Wunderman Brand Experience/Scorecard Help Me?

The insights of our brand experience research have implications for any industry, anywhere.

How Do I Learn More About The Wunderman Brand Experience/Scorecard Or Wunderman?

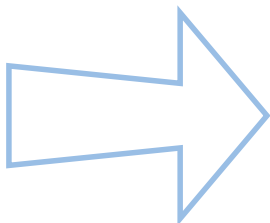
Contact Chip Walker in New York City at 212 210 3000 or Jim Williams in London at +44 (0) 20 7611 646 or visit us online at www.wunderman.com.

About Wunderman

Wunderman is one of the largest, most experienced customer-focused marketing communications companies in the world, operating in 78 offices in over 35 countries. Wunderman builds brands by creating tangible, imaginative customer experiences that drive sales and help clients keep their customers for life. Its focus is simple: acquire, keep and offer value to customers in the most creative ways possible.

Wunderman's success stems from its ability to derive critical knowledge from customer data that serves as a guide throughout the creative process, while zeroing in on customer profitability. With global resources in strategy and insights, customer dialogues, creative, database marketing services, media planning and buying, interactive, promotion and events, Wunderman helps marketers discover and implement new opportunities for growth and profit in managing their customers as a strategic asset. Wunderman is a division of Young & Rubicam Inc., a world leader in commercial communications and member of the WPP Group (NASDAQ: WPPGY).

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