

An Emotional Connection Matters More than Customer Satisfaction

by Alan Zorfas and Daniel Leemon

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In the search for profitable organic growth, more and more companies are making major investments in optimizing the end-to-end customer experience - every aspect of how customers interact with the company's brand, products, promotions, and service offerings, on and offline. But most companies lack a strategic objective that spans the customer journey, can be understood and operationalized across the enterprise, and, most importantly, actually increases customer value. Without a clear, measurable, value-creating goal, companies risk expending huge amounts of human and capital resources without delivering any real financial return.

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Many companies are busy mapping their customer experience and tracking customer activity across physical stores, call centers, e-commerce sites, and social media, gathering mountains of data from their own surveys, customer tracking systems, loyalty programs, and third-party providers. Their stated goal is

typically to improve customer satisfaction at each step of the customer journey. But overall customer satisfaction is often already high, and seldom a competitive differentiator.

Our research across hundreds of brands in dozens of categories shows that the most effective way to maximize customer value is to move beyond mere customer satisfaction and connect with customers at an *emotional* level - tapping into their fundamental motivations and fulfilling their deep, often unspoken emotional needs (for details, see our HBR article “The New Science of Customer Emotions”). That means appealing to any of dozens of “emotional motivators” such as a desire to feel a sense of belonging, to succeed in life, or to feel secure.

High-Impact Motivators

Hundreds of “emotional motivators” drive consumer behavior. Below are 10 that significantly affect customer value across all categories studied.

**I am inspired
by a desire to:**

Brands can leverage this motivator by helping customers:

**Stand out
from the
crowd**

Project a unique social identity; be seen as special

**Have
confidence in
the future**

Perceive the future as better than the past; have a positive mental picture of what's to come

**Enjoy a sense
of well-being**

Feel that life measures up to expectations and that balance has been achieved; seek a stress-free state without conflicts or threats

**Feel a sense
of freedom**

Act independently, without obligations or restrictions

**Feel a sense
of thrill**

Experience visceral, overwhelming pleasure and excitement; participate in exciting, fun events

**Feel a sense
of belonging**

Have an affiliation with people they relate to or aspire to be like; feel part of a group

**Protect the
environment**

Sustain the belief that the environment is sacred; take action to improve their surroundings

**Be the person
I want to be**

Fulfill a desire for ongoing self-improvement; live up to their ideal self-image

Feel secure

Believe that what they have today will be there tomorrow; pursue goals and dreams without worry

**Succeed in
life**

Feel that they lead meaningful lives; find worth that goes beyond financial or socioeconomic measures

SOURCE SCOTT MAGIDS, ALAN ZORFAS, AND DANIEL LEEMON

FROM "THE NEW SCIENCE OF CUSTOMER EMOTIONS," NOVEMBER 2015

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On a lifetime value basis, emotionally connected customers are more than twice as valuable as highly satisfied customers. These emotionally connected customers buy more of your products and services, visit you more often, exhibit less price sensitivity, pay more attention to your communications, follow your advice, and recommend you more - everything you hope their experience with you will cause them to do. Companies deploying emotional-connection-based strategies and metrics to design, prioritize, and measure the customer experience find that increasing customers' emotional connection drives significant improvements in financial outcomes.

The customer experience is a critically important driver of emotional connection. Our analysis shows that customers who engage in an omnichannel experience, for example, are much more emotionally connected and therefore consistently more profitable. Unfortunately, customers often cannot tell you what aspects of the customer experience resonate most powerfully with their emotional motivations. In fact, they often misreport the underlying importance of particular customer experience elements, leading companies to invest in the wrong things. By applying sophisticated big data analytical techniques, we have developed a method for optimizing the customer experience investments that directly drive increased emotional connection and, thereby, greater customer value and financial returns.

Working with one brokerage and investments firm, we helped to quantify the value of emotional connection, identifying its customers' key emotional motivators and relating those motivators to the customer experience. We found that key drivers of emotional connection included satisfying customers' desires to stand out from the crowd, and to bring order and structure to their lives. These were the emotions that most strongly motivated them to choose and invest more with their brokerage firm.

With these insights in hand, we mapped nearly 100 facets of the customer experience - all the way from opening an account through on-going customer service - against both what customers *stated* was important to them, and, via predictive analytics, what actually affected their emotional connections. While customers said that, for example, assistance with transferring funds was highly important to them when they opened a new account, our analytics showed that this had little impact on emotional connection, while a personal welcome note and online investing education videos had a big impact- even though customers did not identify these features as particularly important when asked.

Of course, it's necessary to provide customers with what they say is important. However, our research shows that it's much more valuable to align customer experience investments to those elements shown to drive emotional connection, thus maximizing ROI while minimizing risk. For this firm, customer-experience strategies that maximized emotional connection resulted in customers who are six times more likely to consolidate assets with the firm than customers who are highly satisfied but not emotionally connected.

In our work with a major apparel retailer we found that among customers' key emotional motivators were their desire to feel a sense of belonging, be thrilled by the shopping experience, and have a sense of freedom and independence. The retailer executed marketing programs designed specifically to address these motivators at the “choose store” and “make a purchase” stages of the customer journey - for example, by using relatable models within their advertising imagery and providing personalized alerts on new items, aspects of the experience that drove emotional connection even though customers said these weren't important.

By implementing an emotional-connection-based strategy across the entire customer experience – including how it communicates with customers and attracts prospects - this retailer has increased its percentage of emotionally connected customers from 21% to 26%, reduced its customer attrition rate from 37% to 33%, and increased customer advocacy from 24% to 30%, resulting in a 15% increase in the number of active customers and more than a 50% increase in the rate of same-store-sales growth.

Shaping a customer experience by being precise about the emotional connections you're trying to build and investing in the touch points that drive these connections is an powerful way to increase customer value, and maximize the return on investment decisions and minimize the risk. Emotionally connected customers not only generate greater value, but in every interaction become more and more convinced that “this company gets me.”

Customer experience improvement is critical, but it's very hard and expensive to execute. It requires prioritizing and managing large investments that span multiple functions across the organization, all in the hope that customer value will increase. By setting emotional connection as the overarching goal, the “true north” of the customer experience, companies can point their investments in the right direction, execute more effectively, and reap significant financial rewards.

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