Moving Beyond Social CRM with the Customer Brand Score

Travel and hospitality organizations can boost customer loyalty by better understanding customer behaviors and attitudes, and leveraging social media to create an army of brand advocates.

Executive Summary

In the era of social media, marketers have been marginalized in their brand promotion efforts. In the past, they were information producers, and customers were mere consumers. But today, customers generate more information about brands on social networks, blogs, online communities and contact centers, while marketing teams struggle to consume and analyze this information in order to understand customers, their purchase patterns, acceptance rates and satisfaction levels. At the same time, the form, content and speed of this information also gives marketers an opportunity to leverage these new marketing channels to promote their brands by winning over detractors and developing customer brand advocates.

Turning customers into brand advocates is not a simple matter. While traditional loyalty programs are geared toward rewarding customers for their spending behavior, companies now need to proactively engage with individual customers and reward them for their attitudes, as well. Until recently, it was difficult to identify a brand’s advocates and evangelists due to a lack of tools for data collection, mapping and analytics; additionally, older approaches of measuring advocacy — such as Net Promoter Score (NPS), customer interviews and surveys — have failed to validate individual customer satisfaction levels. Now, however, tools are available that gather and analyze unstructured data, making it possible to construct a 360-degree customer view and create an accurate and actionable view of customers and their satisfaction levels.

For an industry such as travel and hospitality, where purchase decisions are more often determined by recommendations and online reviews than advertising, it is crucial that positive sentiments overwhelm the negative ones on digital media. To better understand customer perception of a brand, companies are now tapping into various touchpoints to gather information about their sentiments. By combining that data with information from other business functions, such as marketing, loyalty and customer service, they are building an integrated database that helps them understand customer loyalty levels.

This white paper highlights the need to invest in social media tools and conceptualizes the development of an integrated database of customers and non-customers. It describes the use of a customer tree map to segment customers and generate a “customer brand score” based on brand engagement, both behaviorally and attitudinally. We conclude with a look at issues faced by the travel and hospitality industry when pursuing this strategy.
From Satisfaction to Advocacy

In the world of social media interaction, there are three modes of engagement:

- Brand-to-followers.
- Followers-to-brand.
- Follower-to-friends.

A “brand-to-followers” interaction is usually seen as marketing, while “followers-to-brand” engagements mainly consist of customer queries or rants. Marketers often work to create the third form of communication, “follower-to-friends” (popularly termed “electronic word-of-mouth” or “earned media”). Such engagements can grow from brand-to-follower interactions, but they are even more valuable when they are triggered by the customer and are positive for the brand.

Earned media includes expressions of satisfaction or delight about a particular product or service, referrals to friends and family and sharing of videos or images that are positive for the brand. Word-of-mouth marketing has always been considered one of the most cost-effective marketing tools, and this is even more true with the emergence of social networking sites.

The availability of customer data from social media helps companies analyze brand sentiment. Traditionally, companies used tools such as NPS to determine advocacy levels; but now, using tools such as social listening and text mining, they can understand customer behaviors and attitudes much more easily and quickly, enabling them to introduce new products or services that will be highly valued by customers.

Building an army of brand advocates is not an easy task, as it entails gaining customers’ satisfaction and then winning their loyalty, both in terms of their behaviors and attitudes. By itself, behavioral loyalty does not necessarily reflect true loyalty, since there are many reasons why customers spend money on a company’s products or services, including the lack of a better option or higher switching costs. A customer can repeatedly repurchase your services or products but fail to refer you to their friends or advocate for your brand on social media – a much more useful (and profitable) measure of loyalty. A company’s most valuable customers are the ones who are both frequent buyers and effective marketers for the brand.

Customer satisfaction, meanwhile, can be gauged through surveys that measure the customer’s willingness to recommend a product or service to their social circle. With the social circle now moving to digital channels, conducting surveys with a limited population of frequent and high-spending customers may not be ideal in the long run. With new technologies, it is now possible to bring your entire customer base into the satisfaction measurement process and obtain an accurate picture of customer satisfaction.

Developing the Social CRM Ecosystem

The much talked about customer-centric model and 360-degree customer view are possible when external data is mapped with internal customer data and combined in an integrated database. The internal customer data (behavioral data) can be obtained directly from traditional CRM databases developed from the loyalty and booking databases. External customer interaction points include social media, the Web, contact centers and transactional data from third parties. Once both databases are developed, they can be merged into an integrated database, in which customers can be mapped to their social identities (see Figure 1, next page).

This integrated database lays the foundation for new-age social CRM and is a potential tool for much-needed marketing efforts, such as personalization, localization, direct marketing and targeted marketing, which can be further utilized to co-create products and services.

Building the Customer Brand Score

The integrated database segments customers on the basis of a score we call the “customer brand score,” which takes into account both the behavioral and attitudinal aspects of the customer with respect to the brand. As such, the customer brand score is a much better indicator than traditional advocacy tools such as NPS because it helps companies identify not only the degree to which individual customers are bonding with the brand, but
also how much they’re sharing their sentiments about the brand, or advocating, to their social circles.

The customer brand score is based on a customer's purchase-related transactions (already available through the loyalty database) and advocacy value (see Figure 2):

- **Spend value score**: This score is assigned based on the customer’s spend value, which can be linked to the loyalty points that the

### Calculating the Customer Brand Score

To understand a customer’s intrinsic value, companies must tabulate spending behavior and level of social engagement.

*Note: The average Facebook user has 130 friends on Facebook (source: Facebook). The average Twitter user has 126 followers on Twitter (source: Twitter).**
customer has obtained through the brand’s loyalty program or assigned separately without disturbing the existing points or miles system.

- **Advocacy value score**: Once the customer signs up to receive news and notifications from a brand, he or she will be assigned a base score, based on his or her network strength or reach. From then on, each engagement activity that the customer performs with the brand is recorded on a daily basis, and an activity score is added to the customer’s base score. These activity scores are given more weight based on the tier level, which in turn is based on the social rank of the customer. This is the advocacy score.

The combination of these two scores is the customer brand score. The customer brand score should also be subjected to timeframes; for instance, the activity score might be phased out from the base score after a certain period of inactivity.

Because the customer brand score measures both spend and advocacy, it results in a more accurate depiction of customer satisfaction level with the brand. For instance, a high-spending customer may be influenced to submit a low rating in a customer survey because of a recent bad experience with the brand. But since the customer brand score also measures his spending with the brand, the customer is not classified as a detractor but rather as a dissatisfied customer.

Customers are monitored for their host and competitor brand engagements to identify positive and negative activities with the brands. We have identified a few sample metrics (see Figure 3) that brands can use to measure and develop a suitable advocacy score to successfully implement this model.

Alternatively, the base score could be constructed by taking into account the geographical location of the brand follower’s friends. The more friends that exist in areas in which the brand is available, the higher the base score. The social rank could also be used to compute the base score rather than applying it at the tier level.

### Segmenting Customers with Social CRM Tree Maps

The integrated database developed from the traditional CRM system and the unstructured data from external sources would lead to two scores: the spend value score and the advocacy score. Plotting the two scores on a two-dimensional axis would lead to the creation of the social CRM tree map (see Figures 4 and 5, next page). The rest of the members, those with no spend value, are classified as non-customers. The tree map is a segmentation of customers based on their spend value and advocacy value and would help to identify true promoters and detractors.

Once customer segmentation is complete, the next step is to address the needs of the various segments. For dissatisfied customers, companies
can devise strategies to win back their trust in the brand’s product or services. For passive and dissatisfied customers, continuous positive engagement can keep them informed and incented to generate positive word-of-mouth.

Finally, the advocates segment can be incented with rewards or discounts. Rewards can be integrated with the rewards program or presented to customers indirectly in the form of soft benefits, such as extra baggage allowance for airline customers, free room upgrades for hotel customers or free car upgrades for car renters. This would address the needs of influencers, passive customers and dissatisfied segments (see Figure 6, page 6).

Leveraging the Social CRM Tree Map: From Detractors to Promoters
Once the tree map is developed, organizations can take several actions aimed at cultivating brand advocates, including:
- Identify advocates with whom they can engage to spread positive word-of-mouth messages.

Defining the Tree Map Segments
Once customers and non-customers are segmented, organizations can identify promoters and detractors.

<table>
<thead>
<tr>
<th>Customer Segments</th>
<th>Definition</th>
</tr>
</thead>
</table>
| Advocates         | • High on both spend value and advocacy.  
                   | • Brand evangelists and loyal, both behaviorally and attitudinally.  |
| Influencers       | • High on advocacy.  
                   | • Command good network reach and are attitudinally loyal.  
                   | • Incentivizing is a very good strategy.  |
| Passives          | • High spenders on your brand but don’t actively discuss it.  
                   | • Behaviorally, they are loyalists.  |
| Dissatisfied      | • High spenders but are dissatisfied with their most recent experience.  
                   | • If not handled well, they may become detractors.  |
| Implacable        | • Most difficult-to-please customers.  
                   | • Better not to spend too much time or money on these customers.  |
| Detractors        | • Detractors evolve from the dissatisfied group.  
                   | • On the verge of abandoning your brand and switching to a competitor.  
                   | • Those with a high spending record have to be given extra attention.  |
| Non-customers     | • Could include potential employees, potential customers, industry evangelists, competitors.  |
Strategizing by Segment
Organizations can create incentives targeted to each customer segment.

- Identify customers to whom they can provide incentives, with the goal of increasing the overall brand value.
- Focus on customers who have been unhappy or dissatisfied with a recent service or product by planning win-back strategies and remedial actions.
- Identify non-customers who are high spenders with competitor brands and offer incentives to them in the hopes of winning them as a new customers.

Referral and advocacy programs can be driven with the help of identified brand advocates and influencers. More insights can be achieved by aggregating the customer brand score based on segmentation by geography, age group and revenue in order to identify areas of particularly high or low levels of satisfaction (see Figure 7). This can help companies tailor campaigns to address a particular age group or a segment with a low attention span.

Moving Forward
In today’s digital age, the future of marketing is closely tied with social media. As such, companies must begin investing in tools that enable them to integrate social media into their marketing strategies in a sustainable, strategic way.

By learning to calculate the customer brand score and developing strategies targeted at various

Demographic Segmentation
When organizations aggregate the customer brand score based on geography, age group and revenue, they can identify areas of particularly high or low levels of satisfaction.

<table>
<thead>
<tr>
<th>Operating Crisis</th>
<th>Customer Brand Score (Aggregate and Benchmarked)</th>
<th>Age Group</th>
<th>Customer Brand Score (Aggregate and Benchmarked)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York</td>
<td>High</td>
<td>Below 18</td>
<td>High</td>
</tr>
<tr>
<td>New Orleans</td>
<td>Low</td>
<td>18-25</td>
<td>High</td>
</tr>
<tr>
<td>San Diego</td>
<td>Satisfactory</td>
<td>26-35</td>
<td>Low</td>
</tr>
<tr>
<td>Denver</td>
<td>High</td>
<td>36-45</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Chicago</td>
<td>Low</td>
<td>Above 46</td>
<td>Low</td>
</tr>
</tbody>
</table>

Figure 6

Figure 7
customer segments, companies can solve three major issues plaguing the industry:

1. Effectively measuring customer satisfaction levels.
2. Justifying digital marketing spend.
3.Upselling and cross-selling to customers.

The customer brand score can help companies identify satisfaction levels of individual customers, as well as the overall performance of the brand. With its two-dimensional modeling, it provides a more accurate picture of detractors, passives and promoters.

For the travel and hospitality sector, the customer brand score provides a competitive edge to fend off online travel agents, whose advertising spends are generally higher. Further, social media and word-of-mouth marketing can provide marketing and promotion, free of cost. There is no better channel than social media and no better way of communicating to the customer than word-of-mouth for the upselling and cross-selling of services and products.

Though social media monitoring tools have become part of every organization, companies still are grappling to understand how to make the most of the data gathered from these systems. But what can be measured effectively can be managed better. By getting more information about customers, companies can measure more key metrics related to customer satisfaction, which in turn will help them improve the customer experience.

About the Author

Vijay Raghunathan is a Consultant within Cognizant Business Consulting focused on the travel and hospitality domain. He holds an M.B.A. in finance and specializes in the business impact of emerging technologies and platforms on travel and hospitality companies. His other areas of interests include airline finance, loyalty management, social media and travel agency management across the travel and hospitality sector. He can be reached at Vijay.Raghunathan2@cognizant.com.

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