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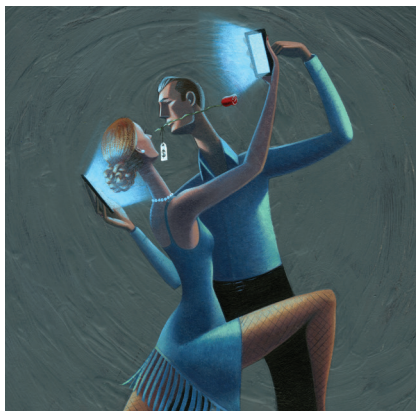
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By Susan K. Hogan, Rod Sides, and Stacy Kemp
Illustration by Jon Krause

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TODAY'S DIGITAL RELATIONSHIPS: DATING WILL NEVER BE THE SAME

HUMANS, by design, are social beings who desire relationships.[1] As evidence, throughout the ages, people have continued to pair up as couples. Relationships are important to organizations, too; thus, firms have also sought to build sustainable, long-term ties with their customers. Of late, technology has redefined the nature of interactions and the scope of options available. While some may lament this digital disruption and long for the return of old-school, face-to-face interactions, for many, these digital advancements have been hugely beneficial and, at times, transformative. The Internet and social media platforms have allowed friends and family who live far apart to maintain connections. These platforms have also enabled vital new relationships; for example, individuals battling rare diseases can find and connect with others facing similar challenges and form much-needed support groups. For this latter kind of digitally formed relationship, even the staunchest Lud-

dite would likely take his or her hat off and pay homage to the technology fostering these kinds of relationships.

Perhaps one arena in which digital has had the most impact is the realm of dating. Not only are many dating relationships now initially formed and fostered online; they often develop into lasting, sustainable partnerships.[2] Given the success of these digitally hatched relationships, many on the dating market have not only jumped on the digital bandwagon for at least some of their dating experience, but have also become experts at integrating their digital and "analog" (in-person) dating interactions into one seamless dating experience—an overall activity that we'll call the "relationship dance." Thus, ironically, today's daters have mastered what marketers still grapple with: intertwining analog and digital interactions into a single unified experience.

As marketers strive to follow this path, we decided to take a closer look at the digital-analog dating world and the behavioral principles in play. This article provides suggestions for marketers on how they might employ these online dating principles and behavioral insights to improve their own relationship dances with customers, engendering greater loyalty in the process. In our work, we have discovered that while the instruments may have changed, the basic moves for developing and fostering authentic relationships remain essentially the same—albeit with a few nuances along the way.

PUTTING YOURSELF OUT THERE: EXPOSURE, EXPOSURE, EXPOSURE

FOR daters and marketers alike, the first step, catching the eye of potential suitors, remains the same. In the dating realm, where singles once relied on family and friends to play the role of matchmaker, they now increasingly utilize third-party dating sites to play this intermediary role for them. Consequently, a dater's personal social circle matters less than it once did; daters are now able to cast a much wider net. Likewise, retailers can also use technology to extend their reach beyond their local markets to attract a broader audience that is not limited by geography.

Through new media channels, firms now have the opportunity to develop deeper, more personal relationships with consumers. Businesses that once relied on mass-market advertising just to get their names and products in front of consumers—playing on the *mere-exposure effect* to enhance their products' attractiveness[3]—are now able to more frequently interact with and better understand consumers by developing a presence on social media sites and even on the sites' subcommunities. While daters have their share of matchmaking sites—allowing for both exposure and two-way communication—social media sites such as Instagram, mobile ad sites such as Facebook's Canvas ads, and aggregate loyalty points sites offer opportunities for firms to connect with current and potential customers, along with their friends and family.

Today's consumers like to lead when they dance, but they also value guidance

Just as daters have the ability to guide their own relationship search process, recent Deloitte research suggests that consumers like to control their own shopping journey and search process.[4] This aligns with a behavioral concept known as *psychological reactance*—the negative motivational state that occurs when a person feels that his or her freedom is threatened.[5] Fortunately, the interactive nature of social media sites, coupled with the myriad of aggregation and customer feedback sites, enables consumers to chart their own course and satisfy their innate desire for freedom and control. To cater to this desire, marketers should continue their efforts to provide consumers with a greater degree of search and freedom of choice during the shopping process, just as dating websites have handed over the search reins to individual daters.

While consumers value autonomy, they also look to the behaviors of others to identify the correct way to behave. This cognitive tendency is known as *social proof*.[6] Social proof occurs, for example, when consumers search for the most popular items purchased or look to see which other items were purchased by those with similar buying patterns. Understanding the power of social proof, savvy marketers are not only highlighting their highest-rated or most-purchased products but are also creating opportunities for existing customers to share their purchases, brand preferences, and reviews on these sites. This provides evidence and reassurance to both potential and existing customers that they are not alone in their preferences, while helping potential consumers make choices.

Additionally, pictures are increasingly becoming an important tool. Here, too, marketers would be wise to follow the lead of experienced digital daters, who often include photos of themselves in different settings and with different friends or social groups. This gives date seekers the opportunity to develop a richer picture of the potential date, as well as to identify common-ground areas such as familiar settings or activities to see how the other person might fit into their own lifestyle and ecosystem. Pictures also can activate the behavioral phenomenon known as the *familiarity heuristic*, which states that people tend to prefer familiar people, places, and things over those that are novel.[7] With this in mind, many brands, particularly lifestyle-brand companies, are showing their offerings being enjoyed in settings or contexts that are likely to be familiar to target consumers—and by people who are likely to be similar to the target consumer.

Using social media to help identify the other offerings in which current and potential customers are interested, wise marketers are also capitalizing on cobranding opportunities. By showcasing their own product with other frequently purchased products, they can take ad-

vantage of the *halo effect*—the transference of positive feelings felt for one product to a separate but seemingly related product.[8]

SIFTING THROUGH THE SEA OF OPTIONS: CHOOSING YOUR BATTLES WISELY

UNDERSTANDING the lay of the land, identifying one's options, and then determining which prospects to go after are critical to avoid wasting time on the wrong prospects. Here, the Pareto principle still applies: Approximately 80 percent of your business comes from 20 percent of your customers.[9] Thus, just like experienced daters, marketers must learn how to carefully sift through the masses and focus on the most promising options.

In an effort to help organizations better understand their current customer landscape, we have developed a framework, depicted in figure 1, which segments customers into four broad categories based on their current attitude and behavior toward an offering. Thinking about customers along these two dimensions, behavior and attitude, is by no means new territory, as these are generally accepted by academics

Figure 1. Potential customer landscape segmented by current attitudes and behavior
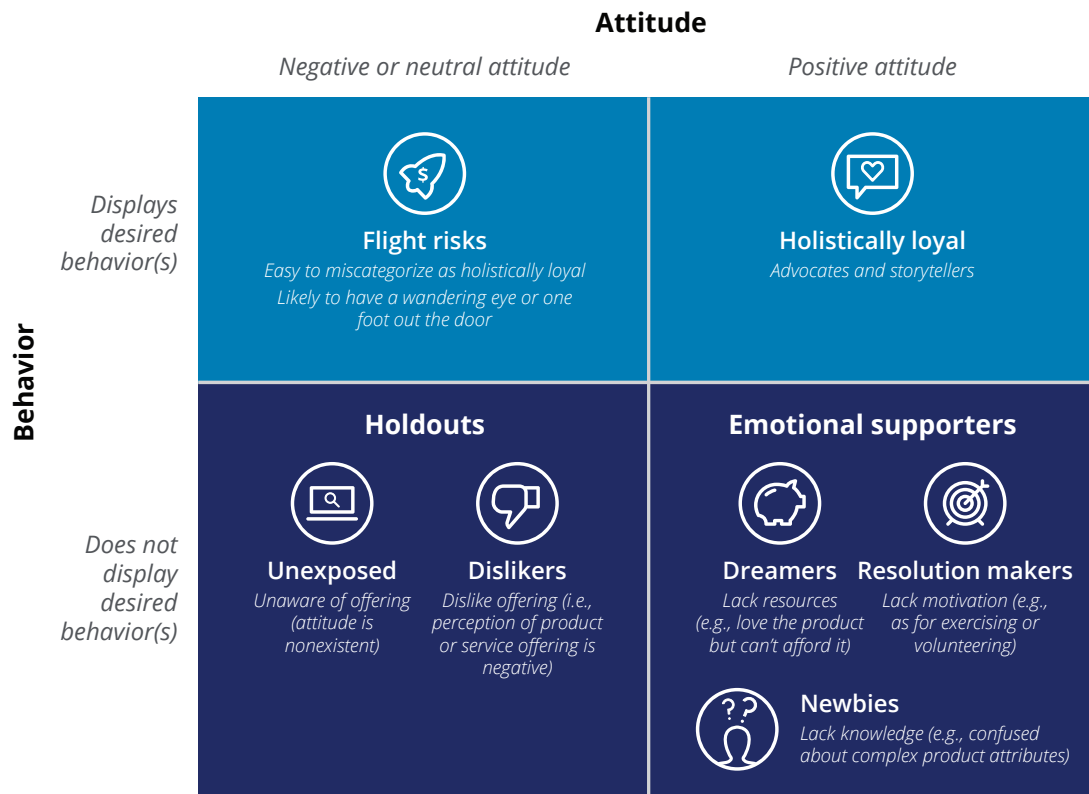
Source: Deloitte analysis.

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and marketers alike as the primary components of customer loyalty.[10]

To determine which customer segments are worth the effort to pursue and which are not, marketers should first assess who and how many fall into each category. Getting there requires asking questions, listening, and analyzing responses. This may mean engaging in additional research to gain a clear view of what the target customer landscape looks like. Figure 2 provides recommendations by customer category on research questions and marketing strategies for winning noncustomers over and capitalizing on the positive feelings of those who are already "all in" (that is, holistically loyal customers).

While every business, just like every individual, is different, so too is the sea of options they may face. Determining which categories to focus on and which to ignore may be driven by:

1. How the opportunity landscape maps out (what proportion of your options fall into each category)

Figure 2. Research and marketing strategies by category

	Attitude	
	Negative or neutral attitude	*Positive attitude*
Displays desired behavior(s)	**Flight risks** • A weak tactic (band-aid): Loyalty programs and price incentives. This is a tactical, not a strategic, solution, as it merely focuses on maintaining the behavior rather than improving the less-than-positive attitude. • A better strategy: Understand what they dislike and utilize this feedback to guide product innovation and additional service ideas.	**Holistically loyal** • Protect these relationships and never take them for granted. • Identify opportunities for greater engagement and sharing stories. This group may be able to tell your story better than you can. • Consider sustainable loyalty and rewards programs tied to desired behaviors.

Does not display desired behavior(s)	**Holdouts**
	• Determine why they have a negative or neutral attitude. Then let this knowledge guide strategy.
	  - **Unexposed**: Identify best (better) media outlets for increasing exposure. Current choices clearly aren't working.
	  - **Dislikers**: Understand reasons for negative attitude—and whether real or perceived. If incorrect, change promotional strategy to highlight reality. If correct, consider product innovations to address negative aspects.
		Emotional supporters
		• Understand behavior inhibitors (resources, motivation, or knowledge).
		  - **Dreamers**: Provide longer sell cycle, promotional campaigns, or lower-end products.
		  - **Resolution makers**: Offer product trial incentives.
		  - **Newbies**: Provide education and assistance.

(**Behavior** — left axis label)

Source: Deloitte analysis.

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2. Where your business offerings are in terms of development and scope

3. What your growth targets and other metrics are (how aggressively do you want to expand, in what direction, and toward which types of customers)

With these caveats in mind, below is some perspective on the various customer categories to consider as you choose your battles and develop your courting strategies:

Low-hanging fruit. These are your holistically loyals, the existing positive customer relationships you already have. Unless these relationships are somehow holding you back from attracting and fostering valuable new relationships, you should nurture and protect these relationships. Taking existing customers for granted is a common trap businesses fall into in their efforts to attract new customers.[11] However, savvy marketers will capitalize on holistically loyal customers and provide them with opportunities to serve as product advocates. Encouraging these customers to share their stories regarding why they value your offering will provide social proof to others, which could potentially influence noncustomers to purchase, as well as validate decisions made by other existing customers. Marketers may also consider providing incentives to these existing customers to attract friends and family to their product lines. Finally, given their affinity toward your current offerings, these customers are also great targets for new offerings you may have, enabling you to capitalize on the *halo effect*.

Seemingly easy battles. As long as you have a good product or service and a compelling story to tell, winning over unexposed holdouts should be as simple as increasing your presence on their frequently visited media platforms and online communities. Also consider joining third-party aggregate loyalty or payment programs. These should not only give you increased exposure but also (assuming these sites offer other products and services your targets like) cobranding opportunities where you could capitalize on the halo effect.

Similarly, winning over resolution makers may just be a matter of providing the right incentives to get them to do the desired behavior. However, before going after this group, consider the following:

- Just how much incentive is needed to motivate them to perform the behavior the first time?

- How likely is it that, after they perform the desired behavior once, the resulting intrinsic rewards will be enough to sustain that behavior moving forward?

If you anticipate that it will always be necessary to provide an external incentive, pursuing this option may not be worth it.

In terms of winning over newbies, for some straightforward offerings, merely educating these positively inclined but not-yet customers on the product offering and taking necessary steps to bring them up to speed and ready them may be enough. However, if the offering or desired behavior has a high level of complexity, such as incorporating a new type of technology into their back-office or day-to-day operations, the level of ongoing hand holding required may rule out these individuals as high-priority prospects—at least in the short term.

Not likely today, but perhaps worth the wait. Speaking of timing, the decisions about whether and when to go after the dreamers may depend on just how long you believe it will take them to have the resources to purchase your offering. If these are customers worth having in the long run, consider the two-pronged approach luxury sports car manufacturers employ to win over dreamers. Tactic 1: Consider a long-term advertising strategy. Here, these automakers invoke the *availability heuristic* by exposing dreamers to their favorite cars on a consistent basis over time. This increases the likelihood that these would-be customers have not only stored this product information but are also able to easily retrieve it when they are finally in a position to make a purchase.[12] Tactic 2: Separately or in conjunction with the first tactic, provide a less expensive offering that dreamers can currently afford, with the long-term hope that they will eventually graduate to the core premium offering.
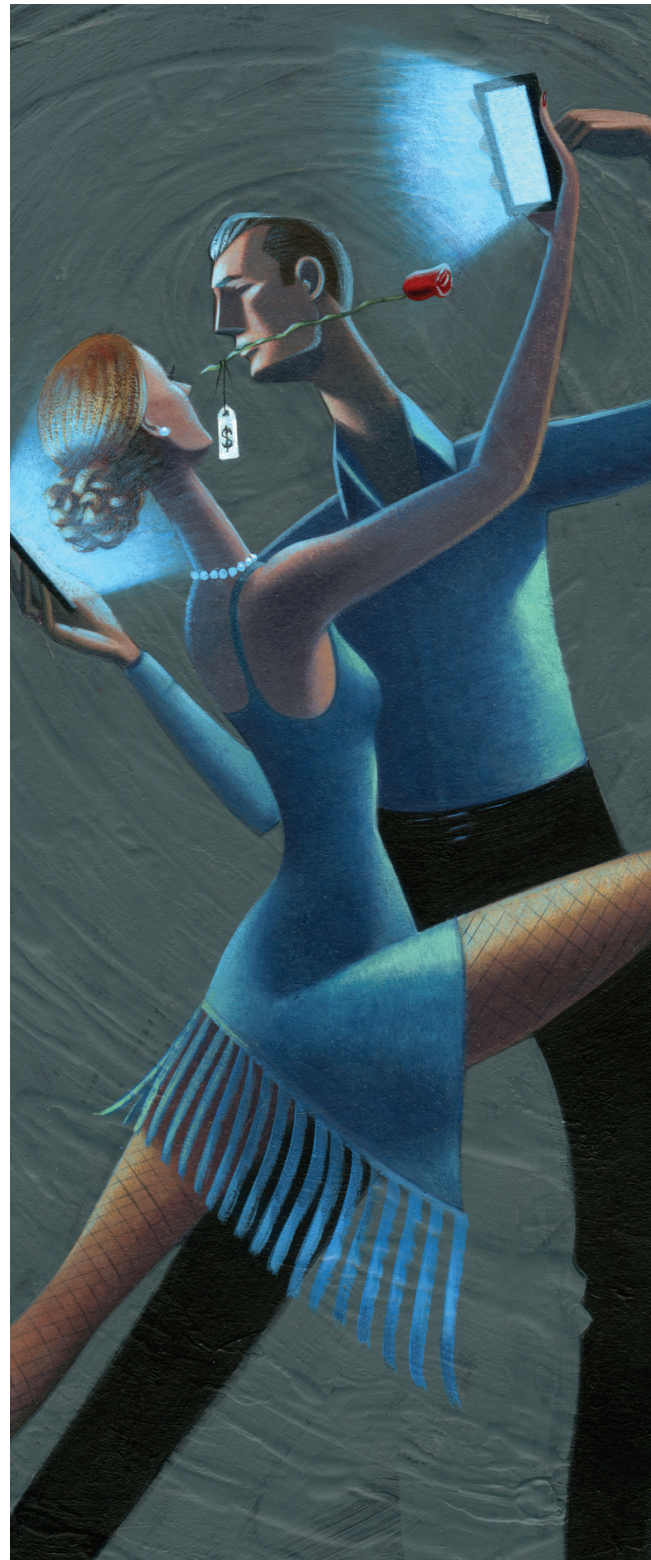
The harder decisions. The decisions surrounding whether to target the three remaining groups are typically more difficult, and less straightforward. For instance, deciding whether to invest resources in changing the attitudes of flight risks could potentially mean making actual product or design changes. This choice may depend on the competitive environment in which you operate and how you stack up (in these individuals' minds) relative to competitive offerings. For government agencies or highly regulated industries, while striving for happy customers may be an admirable goal, the short-term threat of losing existing customers due to their less-than-favorable attitude may not be as important as continuing to focus on encouraging desired behaviors, such as filing tax returns accurately and on time.

Unlike flight risks, disliker holdouts are not existing customers but are of the opinion that they already know all they need to know about your offerings. Whether based on fact, fiction, or outdated information, they have ruled you out as a viable offering or relationship contender. Thus, exposure and media choice are not your primary obstacles. Rather, you need to figure out what their current understanding of you is and whether this perception is correct. If their

> Thus, just as in the dating game, having the right competition can actually be beneficial as it can enable one to outshine other options.

perception is not reality, you should consider altering your communications to better convey your story. However, if they are basing their decision on the facts, then it is time for reflection. Just as a dater may need to change to win the affection of a potential partner, in this instance, organizations should ask themselves whether and to what extent they are willing to change in order to win over this customer segment. For many firms, if the change required would potentially offend and turn off existing customers, gaining these customers may not be worth it. However, as mentioned, a lot may depend on what your landscape of possibilities looks like. After realizing that holistically loyals were few and far between and a great deal of potential prospects fell in the disliker holdout category, Buick decided it was indeed worth the effort to change its offering—and make a concerted effort to communicate these changes to these prospects. Specifically, realizing that most potential customers were aware of the Buick brand name, yet had a negative attitude toward the car's image, the automaker created a campaign that, at the expense of making fun of its old offerings, highlighted that its product had indeed changed.[13]

THE CROWDED FLOOR: RECOGNIZE YOU'RE NOT THEIR ONLY OPTION

CONSUMERS have more options than ever before. Therefore, firms need to get used to the idea that even their holistically loyal customers may now be polygamous, or multibrand loyal. While multibrand loyalty may cause marketers angst, recent research suggests that these multibrand loyal customers may actually respond more favorably to marketing efforts and be more satisfied than single-brand loyal customers. Why? Researchers believe this can be attributed to consumers' ability to compare across brands.[14] This argument is supported by the cognitive bias known as *relativity*, which suggests that people are more comfortable making decisions when provided with a context—or set of comparable options—to help guide their evaluations.[15] Thus, just as in the dating game, having the right competition can actually be beneficial as it can enable one to outshine other options. Marketers who can provide a superior product offering or a better customer experience throughout the customer journey—be it the online or in-store experience, fulfillment processes, shipping processes, or unique and creative packaging—can potentially gain greater customer favor from multibrand loyal customers than from their single-brand loyal customers.

While marketers should continue to focus on offering unique and compelling products at competitive price points to attract and re-

tain customers, they also need to recognize that sometimes multibrand loyalty or brand-switching behavior is driven by factors outside of their control.[16] For example, much brand-switching behavior is due to a behavioral phenomenon known as *variety seeking*—the desire to explore other options, irrespective of satisfaction with current offerings.[17] The underlying reasons behind this variety-seeking behavior are many:

Quest for the best. While some individuals may be fine with "satisficing," or settling for a product that is "good enough,"[18] others are intent on ensuring they have located the best option available, regardless of how good a current product offering is. Consequently, for these "optimizers," the information search process is ongoing. For low-cost, low-risk products, this leads to continual new product trials. To combat this quest-for-the-best tendency, wise marketers may want to provide information to their customers, either in the form of attribute-by-attribute, side-by-side comparisons or by further employing social proof via testimonials from customers who have tried other options and still come back.

Situational considerations. Often, individuals will choose one product for certain contexts and another for others, such as whole-bean coffee to grind and brew at home vs. already-brewed coffee for in the office or while out with friends. Thus, wise marketers would strive to understand these various consump-

tion situations, and ensure they are offering their product in all the correct form factors, packaging, and channels to meet consumers' different context needs.

Optimal stimulation levels. Individuals vary greatly on their *optimal stimulation level* (OSL), or desire for variety.[19] While some people prefer routines, others have a greater desire to shake things up. In today's sea of product options, consumers with a high OSL level—and therefore greater need for variety—now have plenty of opportunities to meet this need through brand switching.

Perceived freedom—not having all eggs in one basket. As mentioned, people have a desire to maintain behavioral freedom (psychological reactance). One way consumers exercise this freedom is via multibrand loyalty or brand switching.[20]

Social desirability. For some product categories and within some social circles, variety is seen as more socially acceptable than a lack of variety (for example, attire, dinnertime meal choices, vacation activities), even if this requires choosing less preferred options to achieve this variety.[21] Take, for instance, the desire to listen to a favorite song. While privately you might listen to it over and over again, if you had friends over, you would likely include less preferred songs in your musical mix as opposed to just that one favorite song—if only to avoid being perceived as odd.

USING VARIETY-SEEKING BEHAVIOR TO INFORM PRODUCT AND BRAND EXTENSION DECISIONS

VARIETY seeking can be great news for new entrants into a product category, but it is also a call to action for incumbent marketers. Marketers often try to combat consumers' brand-switching behavior by encouraging loyalty (or discouraging variety seeking) via incentive programs that reward consumers for repeat purchases. While these programs have proven effective, they can also be costly and may still leave consumers—especially those with high OSLs—with an unsatisfied itch.

To address this consumer need for variety, marketers should first try to understand the degree to which brand switching occurs in their product category, exactly how it occurs, and, if possible, why it occurs. Armed with this knowledge, new entrants should be able to locate the most lucrative points of entry into a product category—aspects where brand switching is high—as these would be the easiest areas for gaining trial. This same brand-switching information should help incumbents guide their brand and product line extension decisions so that they can provide customers the variety they need, all under their own roof, whether the customer is aware of it or not.

Just as customers vary in the amount of variety they desire, customers also vary in the amount of interaction they want with firm representatives. However, one thing is consistent among consumers in general: When they do want to interact with a representative, they want access right away.

The following is a first-hand experience one of our authors observed of a restaurant management group effectively incorporating its offerings to line up with its target consumers' (vacationers') need for variety. While taking a long weekend vacation in Utah, our author and her travel companions had the opportunity to dine at three different restaurants for dinner: an American restaurant, an Asian-fusion restaurant, and a Mexican restaurant. Only after the vacation did she learn that all three restaurants were owned by the same parent company. These restauranteurs apparently understood the need for vacation restaurant variety—whether driven by OSLs or perhaps the face-saving desire to not go back home and report that they ate at the same restaurant three nights in a row.

Figure 3 provides a summary of the behavioral factors and cognitive biases that may likely come into play throughout the customer courting and relationship process, along with recommended strategies for dealing with them.

NOT DROPPING THE BALL: IT'S NOT JUST ABOUT "THE DATE"

TODAY'S relationships are about so much more than the date itself. As many experienced daters will tell you, it isn't just about how you feel on the actual date that matters but how you feel after, once you have had the chance to absorb and process the whole experience. Daters often analyze how the date stacked up relative to the expectations set as well as what happens after the date. Therefore, the signals received leading up to the date as well as the follow-up interactions and signals, such as post-date texts and social media posts, are critical. Likewise, today's customer relationships are about so much more than the purchase or service delivery moment itself. Recent Deloitte research echoes how important it is for firms to take this broader view when thinking about their interactions with their customers—specifically, the importance of the customer search and inspiration journey leading up to the moment of purchase,[22] acknowledging the customer during the post-purchase experi-

Figure 3. Relationship behavioral factors, cognitive biases, and recommended strategies

Behavioral factors and cognitive biases	Recommendations

Mere-exposure effect/ familiarity heuristic
 People's tendency to develop a preference for things merely because they have been exposed to them/preference for the familiar over novel places, people, or things
	• Infiltrate the ecosystems/communities of your current and potential customers through the following actions:
	   – Develop a presence on third-party social media sites.
	   – Partner with third-party (aggregate) loyalty programs and payments programs.
	   – Provide pictures of your offerings being used in familiar settings or by individuals/groups similar to the target consumer and their communities.

Psychological reactance The negative motivation people experience when they believe their freedom is threatened	• Enable consumers to guide their own search and inspiration journeys and product choices, while providing guidance and recommendations along the way. • Consider providing multiple brand lines.
Social proof When people allow the actions and opinions of others to influence their decision making and behavior	• Provide consumers guidance and recommendations by featuring "most popular," frequently purchased products as well as consumer reviews. • Provide holistically loyal customers with opportunities, outlets, and incentives to share their stories about your products/services.
Halo effect The tendency for an opinion created for one object to carry over to a seemingly related but separate object	• Understand the platforms or other products/services your target consumers like most (e.g., social media sites, loyalty and payment platforms, product offerings), and consider aligning your offering with these complementary products (e.g., cobranding) or platforms.
Availability heuristic Relying on immediate examples that come to mind when evaluating a decision	• Keep your offering top of mind via consistent reminder messaging (communications) geared at target customers who may not be quite ready to make the decision to purchase/utilize your offering (emotional supporters: dreamers, newbies).
Relativity The tendency to compare with similar objects when evaluating something	• Make it easy for customers to favor your offering by making it superior to the other items within the same customer consideration set. • If product superiority is difficult, aim for a better customer experience through other aspects of the customer journey (e.g., online or in-store experience, fulfillment process and speed, or packaging).
Variety seeking/OSL The desire to engage in exploratory behavior for reasons other than satisfaction with current offerings/one's preferred amount or degree of stimulation	• Understand exactly how consumers prefer to seek variety/brand switch (e.g., intra- or interbrand, form factor, channel). Then consider offering multiple product options—either in the form of variety within an existing product line via product line extensions (e.g., different flavors and styles) or by creating additional, separate product line offerings. • Encourage brand loyalty and discourage brand switching or multibrand loyalty via incentive programs that reward consumer single-brand loyalty.

Source: Deloitte analysis.

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ence,[23] and the overall customer experience (pre-, during, and post-interaction experiences).[24] While this means dedicating additional resources and appropriately aligning employee incentives to provide a better customer experience, the good news is that recent research suggests that these online interactions can serve to strengthen overall satisfaction and loyalty.[25]

Keep the conversation going—on their terms

Just as customers vary in the amount of variety they desire, customers also vary in the amount of interaction they want with firm representatives. However, one thing is consistent among consumers in general: When they do want to interact with a representative, they want access right away.[26] With this in mind, firms should strive to make their representatives available and approachable to consumers, not only through the firm's own existing websites and service channels but also via social media sites and communities their customers already frequent. Rather than reinventing the wheel to provide this kind of interactive platform, consider utilizing existing customer experience platforms such as Sprinklr. Sprinklr facilitates interaction between frontline employees and customers through one centralized platform, enabling brands to better get to know their customers and create a seamless customer experience.[27]

PARTING THOUGHTS: DANCING TO THE BEAT OF TODAY'S DRUM

WHILE the instruments may be different, the basic moves remain the same. Below are a few considerations to keep in mind when venturing onto the customer relationship dance floor.

Meet customers where they are and find common ground.[28] Exposure still matters, but the days of waiting to make a good impression until the customer wanders into the store or visits your website are over. Establish a presence on your customers' social media communities and get to know their circles of influence. Rather than reinventing the wheel, capitalize on existing platforms such as third-party loyalty programs, payments, and platforms.

Connect, listen, respond, and adjust: The give and take of the dance. Just as communication is key for interpersonal relationships, in this increasingly crowded environment, keeping a continual connection or having touchpoints with your customers is critical. While you may only have six to eight transactional interactions with a customer within a year, you can keep the lines of communication and engagement open by capitalizing on digital platforms and online communities to keep the dialogue going.[29] Realize it is not just about listening but responding in a timely and empathetic manner, and adjusting where and when as appropriate.[30]

Know thyself: Don't try to be all things to all people. Some relationships just weren't meant to be. In business, just as in dating, the end goal should not just be determining how to win someone over. Rather, marketers need to keep in mind that healthy, sustainable relationships should be beneficial to both parties. While effectively meeting customer needs with unique product offerings and superior customer experiences should remain a priority for marketers, it is impossible to be all things to all people. Some customer segments may seem attractive at first glance, but upon further inspection, they may just not be worth the effort. Wise marketers will focus on existing and potential customers they believe they can satisfy while still being true to their own core strengths and vision. While there may be opportunities to attract new customers, realize some of your best opportunities may come through existing customers. If winning new customers means ignoring and potentially losing existing relationships by changing the core of who you are, you may want to think twice. There is a fine line between selling new business and selling out. **DR**

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