

The Battle for Emotional Loyalty: How the Co-operative Movement's Values are Only Truly Effective When They are Reflected in the Customer Experience

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The public associates the co-operative movement with a persuasive and engaging set of values — loved, local & trusted — but it is only when the customer's experiences reinforce these values, that loyalty and growth ensue.

For embattled consumers, there is little consolation out there in the Energy marketplace right now. The commitment to build the Hinkley Point C nuclear power station will provide no succour for at least ten years; the Labour Party's commitment to freeze energy prices may come well after the horse has bolted; there seems to be little sign of the Government tampering with the green energy tariff and no political party has even come close to publicly acknowledging that opening up the energy market has been a failure. Meanwhile, energy companies announce increases at (typically) three times the rate of inflation.

On the supply side, there is anxiety too. Continuous price rises, however justifiable, only serve to send already low trust levels nose-diving further and it may be that the only conceivable way of stemming the tide of public anger is to play within the narrow lines of small print in the fixed term offers currently being promoted.

But, however effective our own individual energy-saving practices are, we cannot do without gas and electricity, so is this overtly negative moment an opportunity for a new type of relationship between supplier and customer to emerge?

Unbeatable (Bradley, 2013) my Fresh Ideas piece published by Co-operatives UK in July 2013, argued that because of its inherent status as a trusted, resilient and accountable organisation with strong customer values, Co-operative Energy, and by implication the wider co-operative movement, effectively has a competitive advantage in a sector dominated by price marketing.

In short, the long history and traditions of the movement have created a belief that co-operative organisations will 'do the right thing' when it comes to customers and, at a time where Energy Sector trust levels are at their lowest, the experiences of Co-operative Energy should be seen as an excellent opportunity for the rest of the mutual sector to challenge their larger competitors.

This advantage is two-pronged. On the one hand, the research shows that the public associate a set of positive, customer-focused values with co-operative organisations, meaning that there is an existing and deep-lying assumption that the intentions towards the consumer are honourable. This naturally facilitates recruitment of customers.

On the other hand, customer retention is supported by the advocacy created at points within the customer experience where those co-operative values 'come to life'. My contention is that when this happens — and when customers feel 'valued' by the organisation serving them — 'emotional loyalty' arises.

I define emotional loyalty as an extremely powerful level of customer engagement which has the potential to transcend 'deal loyalty' (purely driven by the lowest price) and 'ease of doing business' (the standard definition of good customer service). It is characterised by a deeper level of 'human' connection, built on perceptions of trust and fairness. This is especially the case

when this happens within the customer's interactions with the provider (and not just observed in promotional and marketing 'promises').

'Deal' loyalty is very different to 'real' loyalty. While the former is all about 'best price' the latter is about generating an emotional attachment between the customer and the company. Where customers consistently receive outstanding levels of customer service, they will exhibit 'emotional loyalty' and may think twice before abandoning a supplier, even when the price is going up.

Building consistently high levels of service depends on a number of factors: understanding the customer's deeper motivations, expectations and the impact of their experiences on their perceptions of your organisation, but ultimately, it is about translating these inputs into a series of well-delivered 'touch points'.

When we talk about 'touch points' we're referring to those moments within the relationship when the customer comes into contact with the service provider. The process of identifying these touch points and then seeing their delivery from the customer's perspective can often be revelatory, as not only are there occasions when we fail to meet key customer expectations, but there are also 'touch points' which we do not even know exist.

For example, in offering an online subscription service to new Co-operative Energy customers, there is a risk that we simply emulate what other, larger commercial organisations are doing. However by recognising that customers value simplicity, friendly service, responsiveness and honesty and then designing the subscription service to reflect this, we can start to build emotional loyalty.

But how do you connect these experiences to an increasing 'bottom line' and create a business case for the focus, investment and changes required to bring this status about?

Globally, the services sector relies on Net Promoter® (Developed by Fred Reichheld, Satmetrix & Bain and Co, see www.netpromoter.com) as its key customer service measure. It proves that an organisation's 'net promoter score (NPS)' (calculated by subtracting the % of customers who are least likely to recommend from the % who would strongly recommend) is a direct indicator of sales and growth.

Therefore, by creating feedback systems that isolate the touch points that are driving customer advocacy and then implementing a measure that relates subsequent progress to the bottom line, co-operatives can create a foundation for a culture of customer focus.

Interestingly, one thing that emerged very strongly from the research undertaken was the number of times Co-operative Energy customers used the phrase 'I feel valued'.

This suggests to me that where a customer is drawn to an organisation because of shared values, beliefs and principles and where the organisation is able to reflect this identity not only in its wider 'offer' but also in its customers' day-to-day experiences, the resulting strong relationship is visible in the extent to which customers feel valued. It therefore makes sense for Co-operative companies to explore development of a 'net value' measure and to use this to track their USP.

In conclusion, I believe that it is possible to trace a direct line from the inherent values of the co-operative movement, through the competitive advantage (displayed in this case by Co-operative Energy), through improved levels of customer experience, to stronger, more enduring levels of emotional loyalty, which, in turn, drive advocacy, loyalty and financial resilience.

Co-operatives clearly have a head start, but it is simply not enough for co-operative businesses to rely on their mutual status, values and traditions to attract and retain customers. To really seize the moment and truly become the natural provider of choice in all of the sectors in which it operates choice, it must design its values into its customer service experiences.

The Author

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Reference

Bradley, Mark (2013) *Unbeatable: how real loyalty gives Co-operative Energy the edge in a deal loyalty world*. Fresh Ideas 4. Manchester: Co-operatives UK.

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