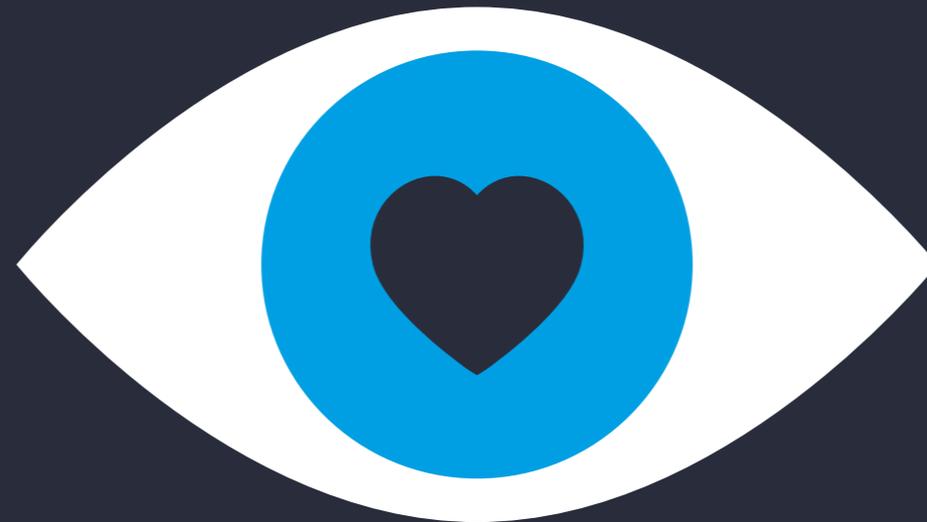


SUPERIOR EMOTIONAL CAPITAL

The Currency of Closer Customer Relationships



msq



CMOs have come to recognise that understanding customers requires not just understanding how to deliver against their wants and needs from a product or service standpoint, but meeting their wants and needs in terms of priorities related to culture, meaning and purpose – things like social justice, sustainability, diversity and inclusion, women’s leadership, family connectedness, health and fitness, eco-friendliness.”

– FORBES MAGAZINE

WE LIVE IN A NOISY WORLD



Every day, thousands of brands compete for our attention.

To survive the day with our sanity intact we filter the messages we notice and respond to. We push away the brands we don't trust or emotionally connect with, and we pull towards us those we do.

Forming close customer relationships enables brands to get heard more easily and recognized more often. Close customer relationships are the catalyst for growth.

EMOTIONAL CAPITAL IS THE CURRENCY OF CLOSER CUSTOMER RELATIONSHIPS

Emotional Capital is the accumulation of associations and intuitions about a brand that is built over time.

Brands with close customer relationships have a positive supply of Emotional Capital. They attract new customers, increase in market consideration, and inspire loyalty.

Brands without close customer relationships, those unheard and rarely seen, have a negative supply of Emotional Capital. They actively repel potential customers, and churn through those they have.



I think complacency is what kills a lot of big corporates. Because what's made them successful in the past is not what's going to make them successful in the future. It's not the strongest, it's the ones who evolve over time."

– **MARGARET JOBLING**
CMO, NatWest Group

Understanding how much emotional capital a brand has vs. its competition helps to forecast future performance. Segmenting emotional capital by audience allows the brand to identify opportunities for growth, and vulnerabilities to defend.

Studying the emotional relationships customers have with both your brand and your competitive set is the first step to pulling together your next marketing playbook.

But why do customers react to brands emotionally? Why aren't they the simple rational choice maximisers we were once promised?

OUR RELATIONSHIP WITH BRANDS HAS CHANGED FUNDAMENTALLY

Consumers no longer relate to brands

like they used to.

They are exposed to anywhere between 4,000 and 10,000 branded messages every single day. This unprecedented weight of exposure to modern marketing techniques has made them extremely well-versed in understanding precisely what marketers are up to.

Social media has shifted the customer-brand relationship. It's no longer one-sided and top-down broadcast, having evolved into a two-way relationship in which today's worldly-wise customers expect to be valued and respected participants.

Every brand's audience is now better-informed and better-connected. They're also far more critical of businesses – especially businesses that don't behave well.

A recent YouGov survey concluded “greenwashing and a token CSR marketing campaign are no longer enough... in an increasingly open, digital world where authenticity is the buzzword of choice, businesses must keep up with growing demands for ethical behaviour and transparency in everything from employee rights and gender discrimination to the supply chain.”

Customers are scrutinising the brands they are in conversation with, pulling closer those brands who offer them something real, and crucially, pushing away those they don't connect with. In the US alone, there are 2.1 million negative social media mentions about brands and brand marketing every single day. And when negative comment reaches a critical mass and morphs into action – boycotts and protests – the consequences can be devastating.

Any brand hoping to succeed in the challenging, customer-driven environment of the twenty-first century must move on from the outmoded ideas developed in the twentieth.

All sources of brand meaning can drive the difference between customer perceptions that a brand is a 'good brand' or a 'bad brand'. A brand could deliver a great product, have superb marketing, but still be perceived as 'bad' because of the behaviour of its owners.

Sustaining close relationships can be complicated, so it's important to know what makes them stronger.

EMOTION HOLDS THE KEY TO SUCCESS

When a brand gets it right. customers pull them closer, feeling a deep engagement and sense of loyalty. These are the brands that people say 'get me', and are on 'my wavelength'. They perceive that these brands share the same values as them, and understand their functional and emotional needs.

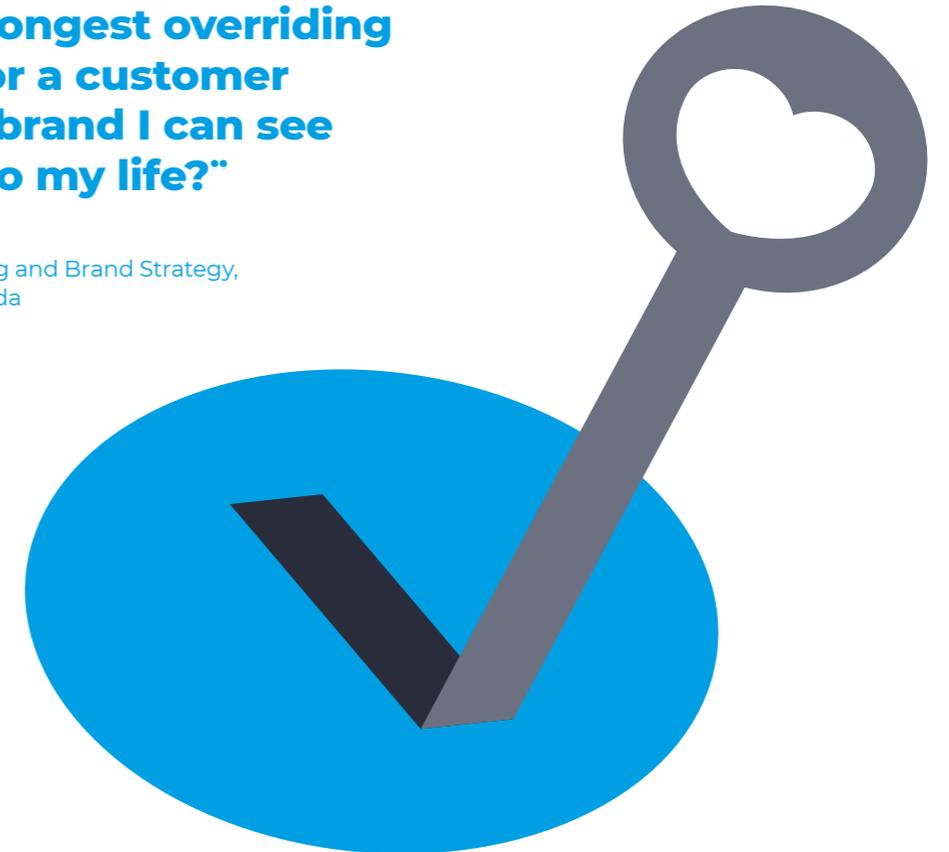
Listening to customers in our latest proprietary research†, it is striking how they talk about brands. They use the kind of emotionally-loaded terms you might use to describe friends or partners: expressions like 'self-aware', 'understands how I feel', 'is interested and takes the time to genuinely understand', 'considerate and respectful'.

†MSQ Qualitative study
'High EQ Brands' January 2021



Still the strongest overriding question for a customer is 'is this a brand I can see inviting into my life?'

– **GERHARD FOURIE**
Director of Marketing and Brand Strategy,
Aston Martin Lagonda



Bad brands, meanwhile, are considered 'ignorant', 'tin-eared', 'emotionally illiterate', 'ruthless about short-term wins irrespective of the long-term costs'.

And the strength of emotion people express is as never before. Consumers are literally drawn to brands 'on their wavelength' or repelled by brands they feel are 'run by a*rseholes'. Their words, not ours!

'BAD BRANDS' WILL BECOME INCREASINGLY VULNERABLE

There might appear to be a catch to all of this: most of us can think of at least one 'bad brand' that still does very well for itself, thank you very much. The budget airline that treats its passengers like cattle. The sports shoe outlet that exploits its staff and suppliers. The fast-fashion chain that uses sweatshops.

But today these brands survive entirely on the basis of a deficit: a lack of time, a lack of choice, a lack of disposable income; or a lack of public knowledge about bad behaviours currently kept under wraps. But they're vulnerable – they kid themselves they're being successful as they build their business on the backs of customers who often don't actually like them. Survival depends on keeping their prices rock-bottom, having no real competition, keeping dirty secrets away from the media.

It's not a robust long-term strategy. And if an emotionally-positive brand, or even a slightly less bad brand, comes in and levels the playing-field by matching prices, or being just as convenient, a bad brand's reason for being will vanish overnight.

For the owner of a 'bad brand,' or even the owner of a 'so-so' brand, it might seem that a bit of clever marketing could provide a 'quick fix.' And that might have been the case at one time.

The trouble is, that no longer washes with today's sophisticated, cynical, informed, socially empowered customers. They know what's going on, and today's technology means they're better equipped to fight back.

No individual, no group and no business

can hold back the tide of change. So marketers face a choice.

Some will try to carry on as before. If their brand is dominant enough in its market then this may work. For a while.

Some will continue to get away surviving on the back of a deficit. In the short-term.

But in the long run, owners of bad brands will see it being pushed further and further away by new generations of customers, becoming ever more vulnerable to disruptive competitors. It's inevitable. Emotions can't stay suppressed forever.

**'NO CHANGE'
IS NO LONGER
AN OPTION**



WINNING TODAY MEANS EARNING SUPERIOR EMOTIONAL CAPITAL

As marketers we've long talked about

the role of emotions in branding and the need to build emotional customer relationships.

We know, for example, that customers who feel a positive emotional connection with a brand are on average over 50% more valuable, in revenue terms, than customers who are simply 'highly satisfied' with a company's products or services*.

Put bluntly, being highly satisfied with a product or service matters far less than feeling really good about the brand.

Customers who feel emotionally-engaged purchase more. They're more loyal. They're less price-sensitive. They pay more attention to their brand's communications.

*Harvard Business Review
'An Emotional Connection Matters More than Customer Satisfaction'
hbr.org/2016/08/an-emotional-connection-matters-more-than-customer-satisfaction



I think where a lot of brands go wrong is that they try to act like one thing when really people see them as another. They need to celebrate who they really are and why they're important to customers."

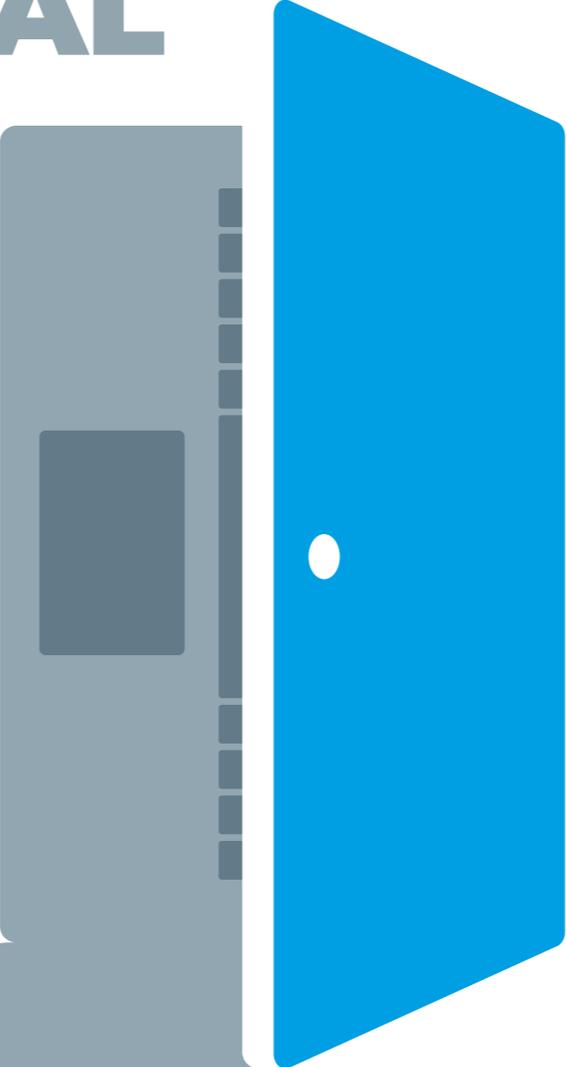
- CARL PRING
Head of Global B2C Marketing & Communications, Shell

This is because emotions are the most fundamental engine of human behaviour. If a tiger leaps at you, you don't stop to think about it, your limbic system steps in to save your skin before you even know what's happening. Similarly, nobody can reason themselves in or out of love – in fact, your head is often the last bit of you to understand why you're doing what you're doing, it usually takes it a while to work out what's going on in your heart.

It's our emotions that compel our actions, that are the engine of our behaviours. They push us away from things we intuit are bad for us, and pull us towards things we intuit are good. And they do this with or without our rational brains being engaged.

So if you want your brand to succeed, you have to cultivate an emotional response in customers that attracts them to your brands. You need to earn Superior Emotional Capital and to benefit from having closer customer relationships.

THE FORMULA FOR SUPERIOR EMOTIONAL CAPITAL

An illustration of a grey door frame and a blue door. The door is slightly ajar, revealing a white doorknob. The frame has a dark grey rectangular panel on the left side and a vertical strip of small squares on the right side. The door is a solid blue color.

Data & technology are integral to modern marketing. They enable us to understand and get closer to customers like we never have before. It's questionable as to whether marketers have really grasped the potential of these developments. Either to make marketing better, or to make it a more effective force in the boardroom.

We now have access to new and more powerful insights that help us truly understand our customers' values and expectations.

The symbiosis of data and technology can improve experiences related to both brand utility and brand promise. And they can help elevate trust by transforming marketing from an interruption to a service that leaves customers feeling truly good about the brand.

Brands are now so much better informed about customers, but customers are also far better informed about brands. Which means technology and data alone are not enough.

Brands need an insight champion to translate the data into true insights and then into creative inspiration. It's still creativity that's needed to spot new connections, and a shift in mindset that moves us from using data to optimise tactical decisions, to using insight to drive strategic decisions.

Now is the time to move beyond digital transformation to the complete transformation of marketing. It's time for brands to mine data for true insight, use technology to turbo power the customer experience and harness creativity to develop big ideas that turn heads.

Data, technology, and creativity. The formula for earning Superior Emotional Capital.

GETTING CLOSE = THE 5 MOTORS OF EMOTIONAL CAPITAL

The only way to guarantee long-term success in today's complex, rapidly changing world is by building brands that consumers feel are on their wavelength, with which they can form enduring emotional bonds.

It's a complex and difficult task, but to help you get there we've developed **emotor™**, our unique Superior Emotional Capital toolkit. It's been developed through extensive research and live in-market testing. At its heart are five powerful motors of Emotional Capital that will help you get 'CLOSE' to your customers.

01
COHERENT

02
LITERATE

03
ON THE LEVEL

04
SELF-AWARE

05
ETHICAL

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01 COHERENT



Emotional Capital is strengthened when brands act in ways that are coherent, consistent and connected. Emotionally-coherent brands don't say one thing to gain publicity and then do something else when they think no-one will notice.

Emotionally-coherent brands deliver consistently, in a joined-up way, across the whole organisation. They focus on service, ease, quality and joy in their customer touchpoints. They don't bombard customers but instead provide a seamless, relevant experience, understanding their customers and learning how to improve over time.

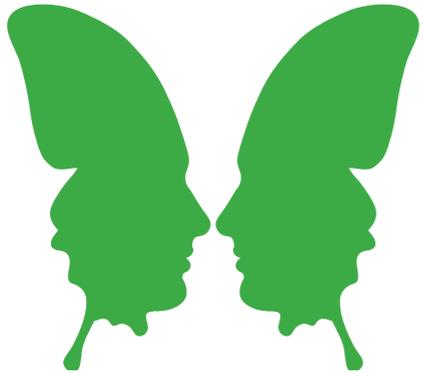


You can't set up and run an organisation like you could a few years ago, giving separate roles and responsibilities to teams and then off they went. The best marketing teams now work very closely with multiple stakeholders to create the best connected journeys they can."

REBECCA BURT

Head of Marketing, RBS Business Banking

02 LITERATE



Emotional Capital means developing the ability to genuinely read other people and their emotions, and understand the impact their words and actions will have.

Emotionally-literate brands make it their business to know how audiences and stakeholders really feel about life, their world, themselves, the category and the brand. And they get the 'Big Picture' – the cultural & societal overlays, the mood of the times, the wider trends shaping how we all feel.

This goes beyond the usual superficial lip-service of 'consumer insight', this is about honesty, the hard truth of genuine understanding.



I think it's very easy to get lost – especially in the digital world with new tech and new innovations. So you have to take a step back and ask who you are and what your customer wants. Because if they're unhappy, it's not going to work. You have to put that human element back into your brand and understand what you stand for.”

PAUL GRAY

Head of Marketing, Chums

03 ON THE LEVEL



Brands with Superior Emotional Capital are seen to strive for a fair balance between give and take, to arrive at win-win rather than we win, you lose. Consumers are happy for companies to make a profit if they do so not at others' expense.

Price is a great index of this: if a brand provides goods or services way below market average, it begs the question 'how is that possible?'

If the answer is 'suppliers have been cut to the bone', consumers simply will not feel great about the brand; if the answer is 'products have been value-engineered accordingly', consumers respect that there's an equitable relationship between what they're getting for their money and the behaviour of the brand owner.



Too often brands use the same category triggers, visualised through the same category codes to address the same customer need, because they've started from what they offer first, not actually what the customer is trying to relate to them with."

CARL PRING

Head of Global B2C Marketing & Communications, Shell

04 SELF-AWARE



Emotional Capital is increased in brands that show a genuine understanding of themselves.

Emotionally self-aware brands ask searching questions to understand their own real strengths and face up to their weaknesses.



Don't ever believe that customers get up in the morning thinking about your brand, because they don't. You've got to be clear about the role you play and your relevance within their lives. And how do you access that in a way that actually resonates?"

MARGARET JOBLING

CMO, NatWest Group

05 ETHICAL



Emotional Capital is strongest in brands that are seen to have decent principles. Ethical brand-owners are determined to do good and not harm – to staff, suppliers, society, the planet.



It's important to make big, bold goals. We need to drive targets and work with others who show commitment to things like CSR and diversity and inclusion efforts.”

DEANEESHA GOVENDER

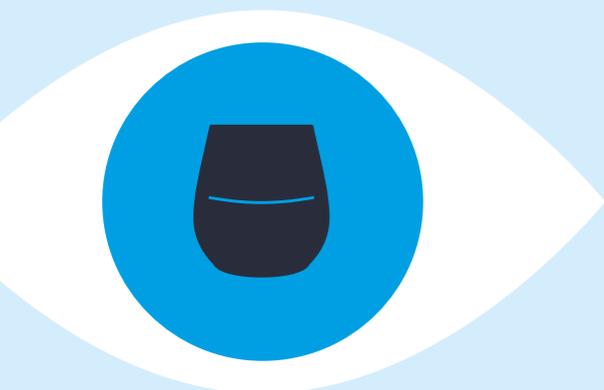
Category Manager – Europe, Middle East and Africa, Intel Corporation

**SUPERIOR
EMOTIONAL
CAPITAL
IN ACTION**

DIAGEO BAR ACADEMY

Research commissioned by Diageo shows that 30% of consumers don't know what to drink when entering a bar and look to their bartender for a recommendation.

With this in mind, it's essential for Diageo to continue to build close relationships with bar staff globally.



Diageo's Bar Academy (DBA) programme has become one of the world's leading educational platforms for bartenders, and a key communication channel with the industry. However, until recently, it relied heavily on physical training sessions organised at a local level.

As the Coronavirus crisis started to unfold all over the world, it became clear that physical training – this vital communication link with the bartending community – would no longer be able to take place. But as an emotionally-literate business, Diageo quickly spotted the opportunity to drive all DBA training online. It understood the benefits of connecting with the bartender community there, offering support, motivation and inspiration during such an uncertain time.

Content was built to provide practical support for bars, share learnings across markets in different stages of lockdown and

help bar staff with their mental wellbeing and get the most out of their time at home. All of this, plus career inspiration, upskilling tutorials and pure entertainment was delivered on Facebook, Instagram and YouTube, as well as a diageobaracademy.com hub.

Having the self-awareness to know that bartenders were more likely to listen to their own peers than a 'brand', Diageo then rallied the bartender community globally, recruiting a team of content contributors made up of experienced bartenders with the highest credibility in the industry. These new partners helped replace physical training sessions with everything from live webinars and Q&A panel sessions to pub quizzes and 'bar skills' video challenges.

The real creativity of this campaign however lay in the innovative and fluid use of media to deliver messages and build relationships

with Diageo's audience, while understanding that a shift in tone was needed – tackling uncertainty and isolation with community engagement and support.

This coherence and ability to be on the level of its audience delivered unprecedented results for DBA, including a YOY uplift in reach on Facebook of 846% and an increase in reach of 400% on Instagram.

The DBA hub saw an increase in sessions by 123% and Facebook highlighted the work as one of the best-in-class examples of brand activity during the coronavirus crisis anywhere in the world.

STELLANTIS

Stellantis owns some of the world's largest automotive brands, including Peugeot, Citroen and DS (which collectively used to be known as PSA Groupe).

Stellantis operates in an industry that's always evolving, with new tech and innovation constantly influencing new models and opening up new markets and audience types.

That's why it's critical for the business to get the balance between short and long-term brand building just right. For Stellantis, hitting monthly sales targets is, of course, key. But it's building brands for future growth, too.

That means understanding the bigger picture. It means identifying consumers in the market (with triggered touchpoints and predictive modelling) to deliver relevant content within the buying window, constantly reviewing and enhancing touchpoints that can generate immediate sales.

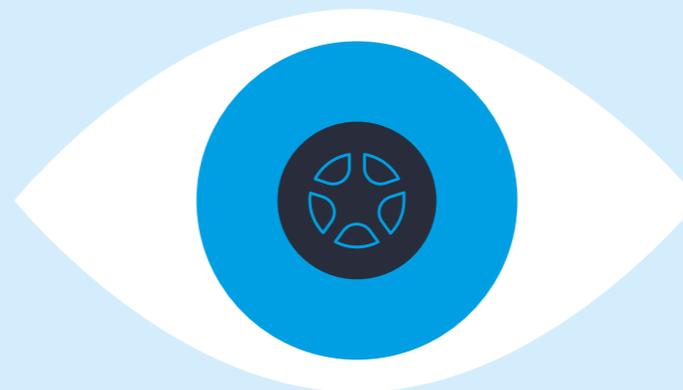
But it also means using 1st, 2nd and 3rd-party data to build new audiences.

Using continuous measurement tools and leveraging personalised hyper-targeted audiences to build for the future.

It means evaluating and understanding behaviours related to each stage in the customer journey map. Using the smartest tools and deep thinking to effectively analyse

the data at each stage, looking at social media platforms, forums and other data points.

And then it means using machine learning and artificial intelligence to analyse the data and categorise it in the most effective way. So the business can create and serve personalised content that's optimised towards the needs and wants of those specific audiences.



Providing a fair and balanced value exchange and serving communications that empathise with how a customer is really feeling in that given moment.

That may mean that certain strands of marketing activity won't specifically affect a sale before the next monthly figures are run. But it provides a much stronger chance that a potential customer chooses a Stellantis brand when the time is right. In a market as competitive yet volatile as automotive, providing a seamless, relevant experience could make all the difference.

ROYAL MAIL

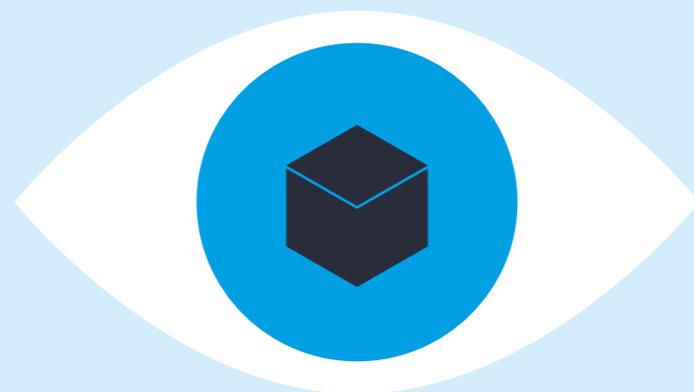
With the UK's burgeoning e-tail and 'marketplace seller' phenomenon being further enhanced throughout the pandemic, parcels is a growing focus for Royal Mail.

Royal Mail is the default carrier for most, but the younger competition is sometimes perceived as the more obvious option when buying online.

That posed a challenge. To switch postage buying behaviour – ingrained for generations – to Royal Mail's app or website. And Royal Mail would need to use Superior Emotional Capital to make it happen.

A multi-media campaign was created – anchored in the creative idea of “Postage that fits around you” – spanning targeted digital and social channels as well as TV, VOD, audio and print.

It provided a clear, coherent message – the “Click and Drop” product enables everyone, including marketplace sellers and SMEs, to be free to pay for postage and print labels at home or in their office before taking their parcel(s) to one of 14,000 drop-off locations (including a growing network of Parcel Postboxes).



And if that doesn't work for the customer, then there is also now the option to get parcels picked-up by the new 'Parcel Collect' service.

Launch activity focused on showing how Click & Drop brought ease. Showing the basics of the product in different scenarios bought it to life for the different audiences.

Subsequent phases delved into more product detail – using an emotionally-literate approach to explain how it works and being more specific for different audiences' needs.

Contemporary creative further moved the Royal Mail away from the traditional 'postman and delivery vans' cliché to a brand that's more modern and forward-thinking. Digital display and social channels gave the targeting precision and

frequency to tell many aspects of the story – delivering the right experience at the right time with a superior emotional understanding of consumer needs, wants & interactions. Focussing on sites like eBay, Royal Mail could showcase its service, ease and quality in a time and a place when regular parcel posters would actually care.

The campaign launch clearly delivered Superior Emotional Capital; downloads of the Royal Mail app more than doubled, website traffic went up 81% and app revenue grew 78%.

Brand metrics improved too, with 84% of people feeling Royal Mail is moving with the times.

SECTOR ANALYSIS

Exploring Superior Emotional Capital



LOVE IN THE SUPERMARKET

How the strength of emotion for
UK grocers drives growth



This article is the first study to use the **emotor™** methodology to calculate Emotional Capital. We were able to establish the relationship between the emotional attraction of a brand (how much Emotional Capital it has) and positive customer behaviours (purchase intent, customer loyalty, non-customer consideration).

The research also interrogated the underlying drivers of emotional attraction, and their relationship with Emotional Capital. We were able to diagnose why a specific brand may attract or repel a specific audience. Our research helped us pinpoint the growth opportunities and defence requirements for Tesco, M&S, Abel & Cole and Sainsburys amongst others.

Our research showed us that both brand attraction and a brand's CLOSE scores decline with age. Older customers are more influenced by predisposition than affinity. They are also more likely to perceive a brand as being ethical. The reverse is true for a younger cohort, who distrust a brand's ethics, but prize the experience it offers.

The study established **emotor™** as a robust methodology, and showed that amongst UK grocers, it's not price that is the primary driver of behaviour, but how a brand makes their customers feel.

DOWNLOAD THE STUDY

PUTTING YOUR COUNTRY FIRST

How the origins of a brand influences what
Chinese parents feed their children



Our research explored how Chinese customers feel about the infant feeding brands available to them, uncovering how the provenance of a brand shapes these attitudes and influences purchase intent.

The study reaffirmed the relationship between a brand's **emotor™** score and their CLOSE scores. It demonstrated that by targeting specific emotional attributes a brand can improve their attractiveness to their target audience.

We were able to segment the infant feeding audience based on their attitudes to Foreign vs. Chinese brands, understanding the specific emotional needs of each.

We pinpointed the specific CLOSE scores that leading brands were falling short on, and with which audiences. This study will enable brands to be precise in their future growth plans.

DOWNLOAD THE REPORT

WHAT MSQ CAN DO FOR YOUR BRAND AND MARKETING

At MSQ we're dedicated to helping build robust, profitable, emotionally-driven brands, fit for whatever the future might throw at them.

MSQ is a partnership of specialist agencies, with tailored teams that flex to meet your specific needs; the opposite of a homogenous one-size-fits-all network. Our people are a highly diverse group of minds with different skills, from different geographies and backgrounds.

Through our unique research-driven, market-proven **emotor™** toolkit we use the principles of Superior Emotional Capital to blend psychological insight with brand thinking and technologies, data and media expertise. We bring all of these skills together seamlessly to create more effective brand-building activities.

With **emotor™** we embrace the fact that insights have a lifecycle from increased empathy to business growth, and have we've developed our *Impact Effectiveness Platform* evaluation platform that keeps insight creators and activators accountable to each other and to consumers.

Because to survive in this fast-changing, evermore challenging world, you need to build a brand that today's sophisticated, cynical, informed, empowered consumers are attracted to because they feel you're a 'good guy' that's on their wavelength. You cannot do this with outmoded ideas about brands born in the middle of the last century, you need to understand what it takes to earn lasting Superior Emotional Capital.

WITH THANKS TO...

Developing the concept of Emotional Capital and understanding what it takes to deliver brand success in today's world has involved conducting a multitude of research, surveys and in-depth interviews with some of the industry's leading thinkers.

As well as our own team of experts within MSQ, we would like to thank:

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The Effectiveness Partnership

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MSQ is a joined-up community of best-in-class agencies helping brands earn Superior Emotional Capital to help them get closer to their customers. Services include research & insight, brand design & consultancy, advertising, creative production, full-service digital, web & digital product development, customer acquisition & engagement, media planning & buying, PR & content and B2B marketing.

With more than 1,000 people working in 12 offices around the world, MSQ is proud to work with a number of the world's largest brands, including Unilever, Vodafone, Mondelez, Stellantis, Zalando, AXA Investment Managers, P&G and Coca-Cola.

Find out more about MSQ [here](#).

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