

GIBBS & SOELL

Insight

FOR MARKETING AND COMMUNICATIONS PROFESSIONALS

September 2011

The Boldness of a Simple Thank You in Business

It's a safe bet that TV barfly Norm Peterson kept returning to the place where "everybody knows your name" for a host of reasons besides the warm way in which he was greeted by the crowd upon each arrival.

Norm's legendary bar tab – which owner Sam Malone jokingly referred to as his future retirement fund that was hidden away in a safe – would likely qualify as one of the most generous examples of a form of customer appreciation: the "buyback."

As Norm's buddy and human encyclopedia Cliff Clavin might intone, according to Urban Dictionary a buyback is "when a bartender gives a patron a drink 'on the house.' This usually occurs after the patron purchases three or more drinks." Evidently, Sam had granted Norm one in perpetuity.

A buyback is the sort of folksy, personal gesture of thanks that one tends to encounter in smaller establishments. Sadly, we are encountering fewer of these courtesies. Can you remember the last time a cashier rounded down the price charged rather than trouble you for change? Or how about discovering that 13th pastry or roll slipped in with your purchase to make a baker's dozen? These expressions may even seem rather quaint, as though you have stumbled upon an artifact from a bygone era and cannot determine its purpose.

Lavished with Attention

Today's consumers could hardly claim to feel unloved. They are lavished with attention from marketing offers of free shipping and returns, buy-one-get-one-free, or loyalty programs where points can earn free upgrades.

A 2011 *Smart Money* article reported that the average U.S. household holds memberships in 18 consumer rewards programs. The article also suggests that participation doesn't necessarily signify loyalty. Rockwell Clancy, vice president of financial services at J.D. Power & Associates, describes the schemes as "hostage programs" because points-hungry con-

sumers won't readily drop out even though they end up paying higher prices or experience inadequate service.

What's missing? Emotion, pure and simple.

Where is the merchant's desire to convey appreciation by quietly delighting the customer? How can a relationship based on what amounts to a contract for transactions be expected to outlast the program's expiration date? Amid all the wheeling and dealing, the surprise of an unadulterated "thank you" might instead be met with suspicion or bemusement.

In this complex world, it may seem impossible for marketers to restore simple acts of kindness in a customer relationship strategy.

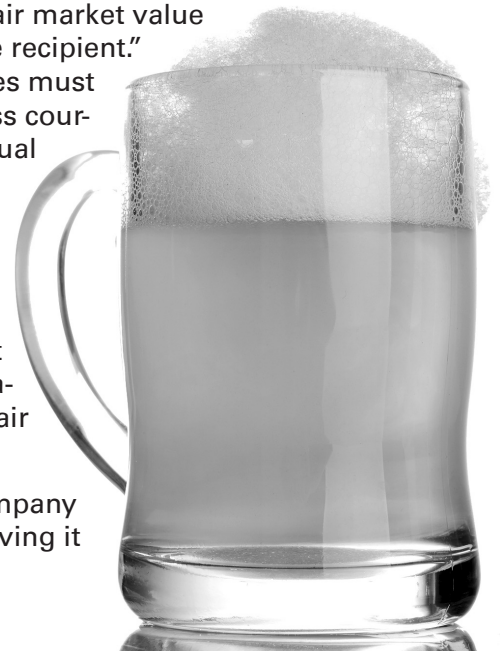
Shades of Gray

Whether you're the donor or the recipient, even simplicity has its gray areas. Ethics and professional conduct give many companies a lot to think about, especially with customers in a business-to-business setting.

In its code of ethics, The Boeing Company defines a business courtesy as "a present, gift, hospitality, or favor for which fair market value is not paid by the recipient."

Boeing employees must decline a business courtesy when an actual or perceived attempt is being made to gain favor, motivate improper behavior that is against the law or company policy, or impair impartiality.

However, if a company banned all gift-giving it



would have real challenges conducting business in a country like Japan. The Japanese way of life is deeply influenced by ancient Confucian ideals of harmony and balance. As a result, business etiquette in Japan emphasizes actions that foster and honor long-term relationships. The exchange of gifts is considered an important way of maintaining social and business connections and is governed by very strict traditions.

Despite the fine line businesses have to walk to help employees uphold corporate integrity, many companies remain committed to restoring authenticity in customer communications while maintaining full transparency. Well aware of the marketing investment needed to attract new customers, businesses are starting with the customers they already have.

Lagniappe

Stan Phelps, author of the forthcoming book, "What's Your Purple Goldfish?", believes the biggest marketing challenge facing businesses is that most conventional efforts are centered on the acquisition of future customers. This myopic approach by businesses "preoccupied with getting new customers through the purchase funnel" ignores current customers – the very influencers whose advocacy can help companies promote their market differentiators.

"Retention is now more important than ever before as a new customer costs 10 times the amount of retaining a current one," says Phelps. "Today's businesses need to find ways to stand out from the competition through differentiation via added value. Giving little unexpected extras ('purple goldfish') helps you retain customers and more importantly gives them something to talk, tweet, blog and Facebook about."

Phelps posits that businesses would be better served by invest-

ing their efforts into a concept he calls "marketing lagniappe." Based on the Creole word meaning gift, the idea is that businesses can shape memorable customer experiences by doing unexpected things like giving away a bonus or extra quantity of an item at the time of purchase or interaction with the brand.

Among the 12 types of bonuses outlined in Phelps' book are those which engage customers by communicating appreciation, acknowledging mistakes or inconvenience, or offering product samples.


For instance, guests receive free candy bars upon check-in and more chocolate treats on their pillows at night at Hershey Lodge and Hotel properties. Many Lexus dealerships provide car washes at no charge to owners after service is completed on their vehicles. Ikea offers free breakfast promotions as well as a play area called Smaland with complimentary supervision for children, initiatives which the *New York Times* reports may have contributed to increased sales when other home furnishings competitors were struggling. According to the article, Natalie Berg, a senior analyst with London-based consulting group Planet Retail, observes: "At a time when families are cutting back on vacations and restaurant visits, an outing to Ikea suddenly sounds quite attractive – especially when you throw in free baby-sitting and cheap food."

Treasured Gift

The word "thanks" shares its origins with those for "think" and "feel," which may explain why the simple generosity of sharing small tokens of appreciation with customers can have a profound emotional impact.

Writer David Kramer recounts for the *New York Times* a split-second decision he made to jump into his very first bar fight because he

wanted to avoid being alienated for his cowardice: "... every free drink that I had ever had, and the potential of that ending forever flashed before my eyes. No more special treatment. No more buy-backs ... The thought was staggering. I just had to do something."

Incentives may coax a customer toward more purchases or cause a change in thinking, but it's the more intimate gestures of kindness that inspire passionate customers to bestow on a business the most treasured gift of all: their trust. 

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