

# Campbell-Ewald: R-E-S-P-E-C-T Spells Loyalty

## >Abstract

Campbell-Ewald, the Detroit-based marketing communications company, part of the global Interpublic Group of Companies, is an award-winning consultancy. This case describes the research behind its effort to measure and improve customer loyalty and the development of its five respect principles that lead to enhanced customer commitment. [www.campbell-ewald.com](http://www.campbell-ewald.com)

## >The Scenario

Much has been written about satisfaction research in the last 20 years. But only recently has the seeming disconnection between customer satisfaction and customer loyalty been getting increasing attention. For two years, Campbell-Ewald<sup>1</sup>, the Detroit-based marketing communications company and part of the global Interpublic Group of Companies, studied one aspect of the disconnection: respect. As a result of its findings, the agency is passionate about helping firms reforge respect bonds with their customers as a primary business strategy.

Campbell-Ewald is no stranger to this concept, which the Queen of Soul, Aretha Franklin, elevated to the measurable standard for relationships. Twice in this millennium, the agency has been selected by *AdWeek*'s Midwest edition as its Agency of the Year. In lauding Campbell-Ewald, *AdWeek* noted that it has an average client relationship exceeding 20 years, while the average in the industry is a relationship that lasts only 5.3 years.<sup>2</sup>

David Lockwood, senior vice president and director of account planning, says what started as an attempt to understand the disconnect grew into a major research initiative. It ultimately resulted in the identification of five "People Principles" for maintaining long-term relationships that are helping Campbell-Ewald clients transform their business practices and their sales:<sup>3</sup>

- *Appreciate me.* Customers are the reason a firm is in business; they should be made to feel appreciated.
- *Intentions don't matter; actions do.* What a firm does is important, not what it thinks or what it says it will do.
- *Listen, then you'll know what I said.* Companies that listen to customers have the ability to adjust plans. Companies shouldn't just collect information but should actually take direction from what customers say.

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- *It's about me, not about you.* What the customer needs is more important than what the firm needs.
- *Admit it, you goofed!* The customer deserves an apology when the firm fails, even if the failure isn't the firm's fault.

*Customer relationship management* (CRM) has been a mantra for the last decade, and understanding the status of CRM was where Campbell-Ewald started its quest of discovery. “Research from Gartner Group and Accenture told us that traditional CRM solutions—the large-scale hardware and software investments that track, then model customer contact points (‘touch points’)—weren’t working,” revealed Lockwood. “Published research indicates 60 percent of CRM initiatives are not meeting user expectations. In addition, more than half (55 percent) of these programs are not delivering any demonstrable ROI. This may be due to the fact that often such initiatives are assigned to the IT group in a firm, the group that has the least contact with the customer.”

So when the purported solution seemed to sometimes exacerbate the problem, Lockwood’s team decided to look elsewhere. “Basically, loyalty is about personal relationships, not technology. So, we started by reading anything we could find on relationships—not business relationships, but people ones. We read everything: Dr. Phil (Phil McGraw—relationship guru and talk show host), Steven Covey (author of *The Seven Habits of Highly Effective People*), even the ancient philosophers, to identify the tenets of strong personal relationships.” In this early stage, Campbell-Ewald turned to two waves of Synovate’s *TeleNation*,<sup>4</sup> an omnibus, nationally representative telephone survey, to see if “respect” was an issue people were concerned about regarding the way they are treated by companies.

Campbell-Ewald then set out to validate that customers were not being treated with respect and to prove that respect truly matters. “Repeated anecdotes—no matter how persuasively told—weren’t going to sway our clients as much as empirical evidence.” And as a business, the agency needed to know there would be a payout for the investment of time and money (estimated in six figures) in the research it planned.

Campbell-Ewald’s client list is impressive and draws from automotive, financial, insurance, travel, home furnishings, government, and retail sectors.<sup>5</sup> “We wanted the research to reflect our clients’ needs, their situations, and we believed that *respect* translated differently in the different sectors.” To understand the various dimensions of respect and how the five principles translated in each industry, the agency again partnered with research company Synovate to conduct 12 focus groups, 4 each in three sectors: insurance, airlines, and retail (home furnishings). Focus groups were conducted with adult men and women in both Chicago and Detroit.

“One of the reasons Synovate was chosen as a partner was because it has significant experience with sophisticated multivariate analytic techniques, as well as large-scale mail surveys,” shared Lockwood. From the focus groups, measurement questions were developed that would clarify the core motivational drivers in

each category. Also, attitudinal statements were developed that would clearly define the parameters of respect in that sector and ultimately indicate the translation of each of the five People Principles. Clients were actively involved at this stage as three different surveys were developed. Each four-page survey contained basic purchase and usage questions, a full set of demographic questions, and 27 to 29 attitude statements offering a 5-point *strongly agree to strongly disagree* scale. (See Exhibit C-E-1 for samples of these statements.)

**Exhibit C-E-1 Sample of Attitudinal Statements**

Researchers asked participants their degree of agreement with several respect validation statements. A sample of these statements, developed from focus group discussions, appears below.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
<b>General Respect Initiatives, across categories</b>					
Is interested in listening to what is important to me as a customer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Places their own interests above those of the customer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Notifies me in advance of sales and special promotions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rewards me for repeat business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Honor commitments/promises they've made to me	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Specific Respect Initiatives, with category</b>					
Accepts returns without a hassle (retail)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flights take off and land on schedule (airline travel)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Handles claims in a timely manner (insurance)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

“Our clients provided names of customers, mostly from their top customers.”<sup>6</sup> Five thousand surveys were mailed to each sector. “Synovate maintains panels that offer significantly higher response rates, but we wanted to use actual customers. And we wanted the actual client disguised. So the surveys went out over Synovate’s letterhead, not the client’s.” Participants returned between 5 and 9 percent of the surveys; thus each sector had a sample size between 200 to 500 cases.

Data were studied in the aggregate and by sector to answer the fundamental question: “*Does respect matter?*” Additionally, responses to individual attitude statements were evaluated using a proprietary brand propensity model from Synovate, called The Momentum Engine, a methodology designed through multiple regression and correlation analyses to identify consumers with the greatest potential to drive sales growth. These customers, labeled “Dynamic,” fall in a high-potential/high-relationship quadrant and can be compared to other groups that offer lower sales potential or less established relationships.<sup>7</sup>

Data revealed that respect is a significant driver in each of the three sectors. While it was lowest among retail customers compared to those of insurance or airlines, it was still significant. Clients, when presented with the findings, reacted with new initiatives to develop and cement loyalty among their customers. Several initiated loyalty audits and assessed whether their cultures supported or diminished respect for customers. Others created task forces assigned to develop respect initiatives. The agency's Continental Airlines client is a pioneer in respect marketing. One of Campbell-Ewald's five respect principles, *Admit it, you goofed*, is clearly demonstrated in the airline's Customer Recovery Program. If a plane is delayed, a connection missed, luggage lost—regardless of the cause—select Continental passengers receive a personalized apology within 24 hours.

And the change can be felt at Campbell-Ewald, too. Internal documents are changing. Ad campaigns are now more respectful in their creative development. But what most notice about the agency is its passion for the implementation of the five People Principles. As Lockwood concludes, "Every customer touch point is critical to keep those high-value customers. With respect, you can not only reinforce positive feelings about a company or brand, you can even—at times—turn a negative experience into a positive, brand-building interaction."

### > Discussion

- 1 How would you operationally define the construct of *respect*? Take the perspective of each of the three client sectors: insurance, air travel, and retail.
- 2 Map the overall design of the research described here.
  - a What types of studies were involved in Campbell-Ewald's respect initiative?
  - b What are the strengths and weaknesses of the various methodologies?
  - c How do the methodologies complement each other?
- 3 Analyze the use of the 5-point scale for measurement of respect dimensions. What other statements would you add to the sample provided in Exhibit C-E 1-1.
- 4 Discuss the advantages and disadvantages of the sampling plan for the mail survey.

> **Source** This case was developed from interviews with and material provided by principals of Campbell-Ewald. Used with permission of Pamela S. Schindler, © 2004.

- > **Notes**
- <sup>1</sup> Campbell-Ewald, with billings in excess of \$155.8 million, is ranked 13th among U.S. agencies. "Top 25 U.S. Agency Brands by Core Advertising Revenue," 2003 Ad Age Agency Report, AdAge.com, downloaded February 11, 2004 (<http://www.adage.com/page.cms?pageId=975>).
  - <sup>2</sup> Tanya Irwin, "First Class: Campbell-Ewald charms the USPS and Plenty More Chevy dealers," *AdWeek*, 44, no. 3 (January 20, 2003). (Reprint downloaded from Campbell-Ewald Web site, February 10, 2004.)
  - <sup>3</sup> David Lockwood and Laurie Laurant Smith, principals with Campbell-Ewald, interviewed by phone, February 9, 2004.
  - <sup>4</sup> "TeleNation is a twice-weekly national omnibus survey surveying three waves of 1,000 American adults each week. Each wave of 1,000 American adults is balanced to be nationally representative. The sample consists of 50% men and 50% women, 18 years of age and older. Each survey is conducted using random digit dialing. "TeleNation," Synovate.com, downloaded February 12, 2004 ([http://www.synovate.com/en/solutions/branded\\_solutions/omnibus\\_telenation/](http://www.synovate.com/en/solutions/branded_solutions/omnibus_telenation/)).
  - <sup>5</sup> Among Campbell-Ewald clients are ACDelco, BISSELL, Chevrolet, Continental Airlines, General Motors, Farmers Insurance, Michelin, National City, Pier 1 Imports, U.S. Navy and U.S. Postal Service. Irwin, "First Class."
  - <sup>6</sup> For example, Continental Airlines drew customer names from its One-Pass frequent flyer list.
  - <sup>7</sup> "Branded Solutions: The Momentum Engine," Synovate.com, downloaded February 12, 2004, ([http://www.synovate.com/en/solutions/branded\\_solutions/the\\_momentum\\_engine/](http://www.synovate.com/en/solutions/branded_solutions/the_momentum_engine/)).