

**Marketing Messages****MARY CHARLESON***The new loyalty loop marketing model*

What possible commonality could a previously unpublished writer now making over \$200,000/month selling e-books on Amazon share with the makers of a head shaving helmet, and an expensive Superbowl ad spoof for Groupon? Admittedly a motley crew to lump together, they all have benefited or suffered under economics of the new loyalty-loop that the internet has brought to marketing.

In December 2010 Harvard Business Review published an article called Branding in the Digital Age: You're Spending Your Money in All the Wrong Places. Since reading the article I've found myself constantly reevaluating how consumer decisions are influenced. We have moved from the traditional funnel of consistently narrowing our choices from many to fewer and finally a purchase, and are now moving towards the loyalty loop where choices are added and subtracted during an extended consideration and evaluation phase, then once a purchase is made, we openly share, exchange and advocate while fueling the influence of others online.

Allow me to elaborate with my three unusual examples to illustrate the power of the loyalty loop.

1. The long tail economics of successful indie writers selling e-books online. 26 year old Amada Hocking has self-published 8 novels online since April 2010 and currently averages sales of 100,000 e-books/per month through Amazon. Top Kindle Indie authors typically sell 2,500 - 100,000 books/month, with many in the 10,000 range. At an average of \$3/book, and Amazon taking 30%, the remaining profit looks pretty sweet. Sell books at a low risk, low price point, to lots of people. This model is only possible with the loyalty-loop marketing model. It's one thing to write and publish an e-book. It's quite another to actually cultivate a following online to generate those kind of sale numbers. Amanda Tweets and is well connected in the blogging community where she sends advanced reading copies to influential book bloggers. Her urban fantasy and romance appeals to youth. Readers and the connected blog community advocate and feed the loyalty loop, which in turn influences more buyers online. Recently her success has garnered TV and magazine stories. She doesn't pay a cent for marketing.

2. Groupon's Superbowl Tibet ad blunder. Of course the loyalty loop can work in reverse. Advocacy can turn negative; as it did following Groupon's attempt at self inflicted humour. In case you missed it, Groupon paid over \$1 million for a 30 second spot during the Superbowl. In it, actor Timothy Hutton appears to make light of the political struggle in Tibet in the name of a great Groupon deal at a Tibetan restaurant. Supposedly they were making fun of themselves talking about discounts as a noble cause, and viewers having seen humour in the parody, would appreciate the philanthropic donation that Groupon had set up for Tibet. Too bad the connecting website never appeared in the ad. And too bad the great unwashed tuned into Superbowl were largely more receptive to crass objectification of women in their advertising than obtuse connections. So how did the new loyalty-loop marketing model fail them? Arguably much of the value of purchasing a Superbowl ad goes beyond the high reach of the TV audience. Chatter before, during and after the event online is where the real value is. In Groupon's case, they didn't frame the spot before to build anticipation and understanding, and then they failed to respond quickly afterwards. They dropped the ball where the loyalty-loop mattered most - online. Talk turned negative and they never really recovered.

3. Headblade's crazy shaving helmet video. So you're a small company that designs and sells razors to a highly targeted segment - people who shave their heads. How do you let the world know your razor is the best? You create a hokey looking home made video demonstrating a helmet that when worn, will lather and shave your head with motorized razors in about 30 seconds. Sound scary? Sound unbelievable? This Youtube viral video marketing campaign was fresh, edgy, and most importantly sparked conversations about head shaving. It featured one of their razors in the helmet and demonstrated how it works. The helmet, later revealed as a hoax, actually generated countless purchase inquiries for the company. The online chatter grew exponentially, and flooded over to mainstream media. The company experienced record hits to their website where they featured the real products they sell. In the loyalty-loop marketing model they gained incredibly positive traction in a rather obscure category.

So the big question to ask is this: is your marketing feeding the marketing funnel or the loyalty loop?

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