

# Why Loyalty Programs Aren't Working And How Shinola Used Guest Insights To Create A Non-Traditional "Loyalty" Strategy

Shannon Washburn  
President, Shinola  
Ernan Roman

President, ERDM Corp.





## THE LONG TRADITION OF DETROIT WATCHMAKING HAS JUST BEGUN.

WATCHES WILL BE MADE IN DETROIT FOR DECADES TO COME, BUT WE WILL NEVER MAKE THIS ONE AGAIN. RESERVE **THE RUNWELL**, AN EXTREMELY LIMITED SINGLE EDITION OF THE FIRST HANDMADE WATCH FROM THE MOTOR CITY.

[SHINOLA.COM](http://SHINOLA.COM)

**SHINOLA**  
DETROIT



Shannon Washburn is the president of Shinola, where she leads a talented team of people who are dedicated to quality craftsmanship.

She oversees product development, design, creative direction and marketing for the brand.

Prior to becoming president in early 2018, Shannon spent six years working with the watch and jewelry product development and design teams.

Shannon has garnered experience in various aspects of business over the course of her career from retail to product development to sales and international brand management.

Prior to Shinola, Shannon was a buyer for Dillard's before moving to Fossil where she stayed for 14 years.

When she's not working, Shannon enjoys documentary films, searching for the best Spanish coffee in metro Detroit, and spending time with



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[www.erdm.com](http://www.erdm.com)

## **Ernan Roman**

**President, ERDM Corp.**

**Author, *Voice of the Customer Marketing***

**ERDM conducts specialized CX and Loyalty research to help companies understand how customers define their expectations for high value customer experiences.**

**Inducted into the DMA Marketing Hall of Fame due to the results ERDM's VoC research-based CX strategies achieve for companies such as IBM, Microsoft, QVC, Gilt, Shinola and HP.**

**He has been selected for numerous citations including, "Top 15 Influencers Changing the CX Game", "Top 40 Digital Luminaries" and "100 Most Influential People in Business Marketing."**

**His widely read blog Ernan's *Insights on Marketing Best Practices* appears in CMO.com, Forbes, CX Network, ANA, CustomerThink, CRMC and Business2Community.**

**Previous books; *Opt-in Marketing* and *Integrated Direct Marketing*.**

# AGENDA

1

How Shinola used guest insights to create a powerful non-traditional “loyalty” strategy which is consistent with the brand, authentic and creates a unique guest experience online and at Shinola stores

2

Surprising research findings regarding today’s CX strategies, traditional loyalty programs, and why consumers don’t feel they are effective in building loyalty and LTV



**At Shinola, we've made a lasting commitment to making lasting things.**

**World-class Watches  
Beautiful Leather Goods  
High-Integrity Audio  
Thoughtful Gifts  
and A Hotel**

**If it's made, we want to try to make it better.**

**With relentless optimism, tenacity, humor, and humility,  
we help people shine in an understated way.**

**1942**

"YOU DON'T KNOW SHIT FROM SHINOLA"

WAX LIQUID SHOE POLISH

**2013**

OUR FIRST WATCH WAS SOLD

**26,000**

SQUARE FEET OF FACTORY SPACE

**600+**

EMPLOYEES WORLDWIDE

**350+**

JOBS CREATED IN DETROIT

**30+**

PEOPLE WHO PARTICIPATE IN THE ASSEMBLY OF A SINGLE WATCH.

**31**

RETAIL STORES

**129**

ROOMS IN THE NEW SHINOLA HOTEL



RUNWELL



RUNWELL AUTOMATIC



VINTON



CASS TOTE



COMPUTER BRIEF



RUNWELL BACKPACK



JOURNALS



CLOCKS



BICYCLES



DETROIT FLAGSHIP



SAN FRANCISCO



NEW YORK FLAGSHIP



LONDON

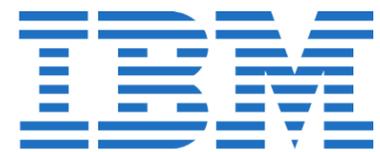


# SHINOLA GOAL

**Evolve our Foundry “loyalty” program in order to establish a deeper relationship with our guests by:**

- **Recognizing them regardless of channel**
- **Including them in incredible experiences that are aligned to our brand ethos**
- **Continuously providing them with surprise and delight moments to show them our appreciation**

# CX FINDINGS FROM 20,000+ HOURS OF IN-DEPTH VoC INTERVIEWS:



# VoC FINDINGS: 4 UNIVERSAL CX TRUTHS:

Dangerous  
**chasm** between  
brands' fantasies  
and  
customers'  
realities.

**Unprecedented  
expectations.**

**High frustration**  
from ongoing failure  
to deliver  
personalized value.

*Reciprocity of  
Value:*  
customers  
**willing to  
provide  
preference data**  
for better CX.

Customers **are  
people** and want  
**personalized  
value.**

BtoB, BtoC...  
**PtoP!**

# Shinola VoC Research

## Objectives

Conduct one-hour interviews to gain an in-depth *qualitative understanding* of how Shinola guests define their expectations of value and engagement from the Foundry program.

Specific VoC Objectives were to gain deep and actionable qualitative insights regarding:

- Perceptions of Shinola and reasons guests buy from Shinola
- Experiences that enhance or hurt the relationship
- Shinola Foundry program perceptions/  
expectations
- Recommended improvements to Foundry: benefits, experiences, services, levels and “hurdles”
- *Value exchange expectations* regarding guest's willingness to self-profile preferences in exchange for increased personalization and value.

# VoC Learnings

## **Exceptionally Engaged Guests**

Engaged customer base

Shinola Fans

Strong Foundation for the Foundry  
Evolution

## **Omnichannel Experience**

Ensure guests can access and utilize  
loyalty benefits across multiple  
channels

## **Curated Relationship**

Personalized products/  
communication

## ***Experiential ROI***

Do not rely on traditional ROI  
exclusively

## **Surprise and Delight**

Common theme and highly  
appreciated

# VoC Learnings

“ It goes back to the American-made part of it. If you go to the website there are videos and biographies of the people that actually make the products and some of the products are stamped with who made them. They come with;

‘This is where it came from and who made it.’

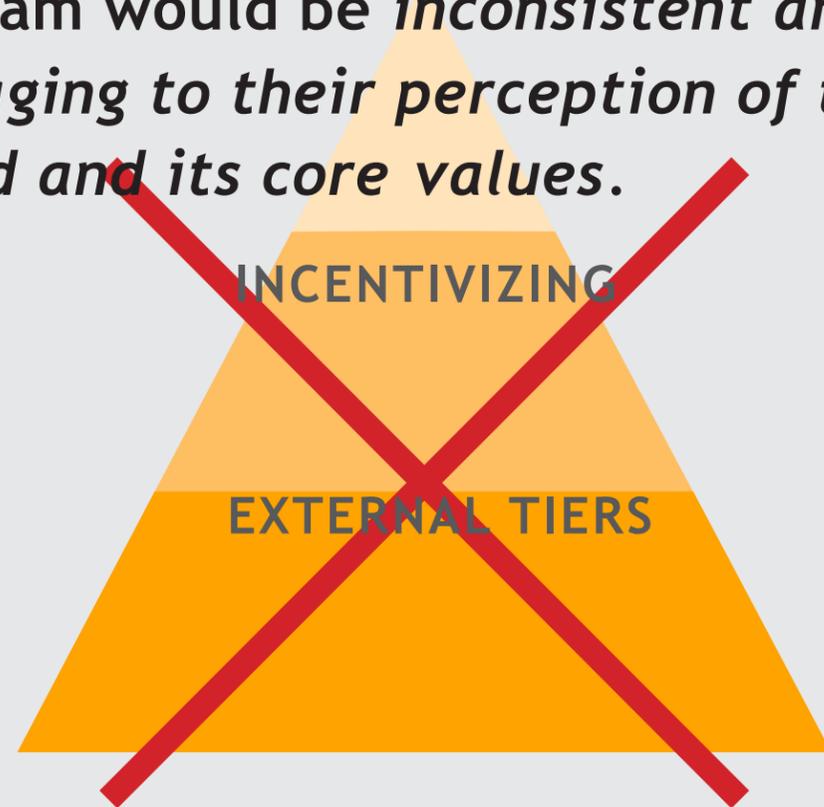
So, I feel that you are getting a quality product—almost a work of art versus just a commoditized watch. That has value to me.

If I look at my style, my wardrobe, even my personal brand,  
I feel like Shinola augments that a little bit, which is why I would consider it a staple in my wardrobe.”

# Shinola VoC Learnings

A traditional loyalty program would have been hierarchical and built around exclusions, external tiers and incentivizing.

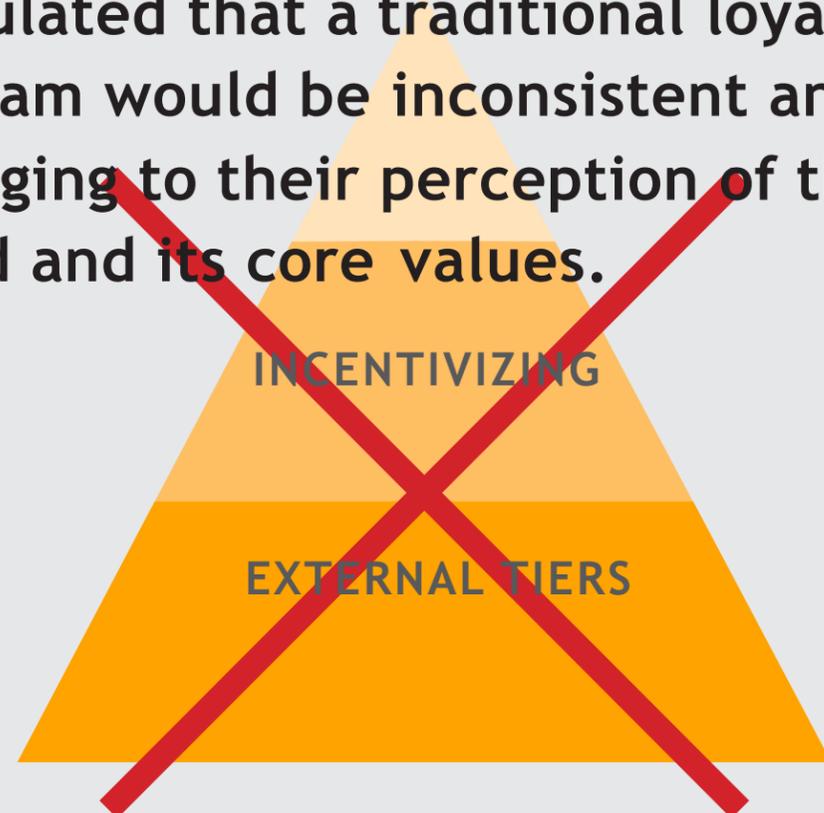
In the VoC research, Shinola guests consistently articulated that a traditional loyalty program would be *inconsistent and damaging to their perception of the brand and its core values.*



# Shinola VoC Learnings

A traditional loyalty program would have been hierarchical and built around exclusions, external tiers and incentivizing.

Through VoC learnings Shinola guests consistently articulated that a traditional loyalty program would be inconsistent and damaging to their perception of the brand and its core values.



Research identified 4 powerful expectations that were expressed by nearly all respondents.

These needed to become the “value propositions” that served as the core of the benefits and experiences Shinola provides guests:

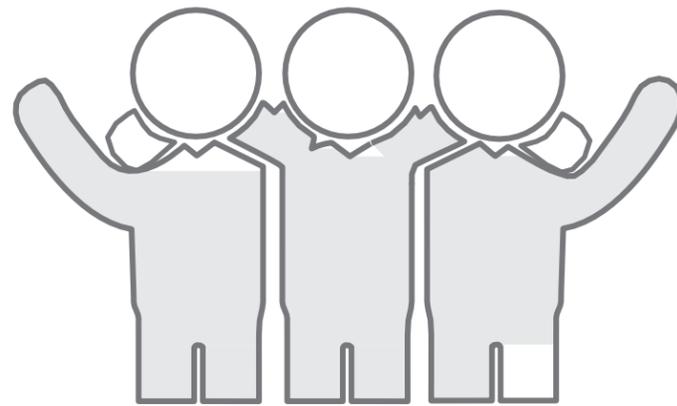


# The Foundation Commitments



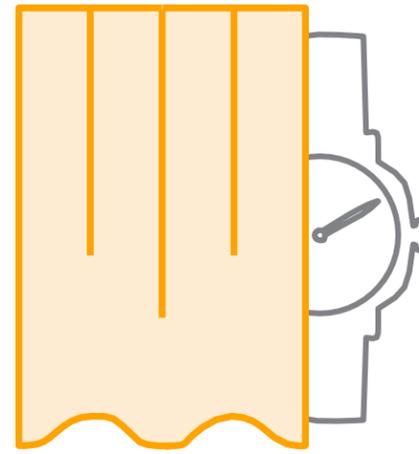
## RECOGNIZE ME

Foundry members appreciate and deserve, a “thank you” for helping make Shinola what it is today.



## INCLUDE ME

Foundry members want to help build the Shinola story and will gladly take part in experiences that grow our awareness.



## SHOW ME

Foundry members believe in what we are doing and want more exposure to how we are continuously supporting Detroit.

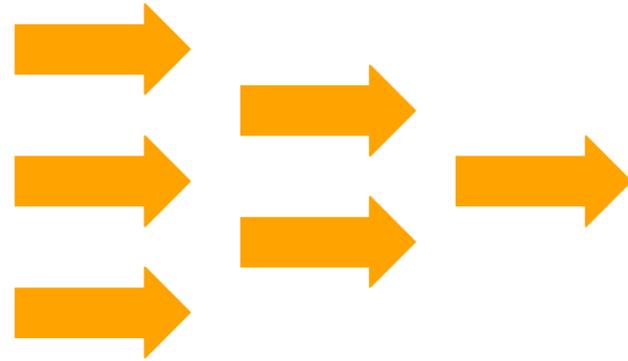


## SURPRISE ME

Foundry members want us to build a relationship with them so we can show our appreciation at the right time, in the right way.

# The Rules of Engagement

**Simplify**  
Easy to:  
Understand  
Communicate  
Execute



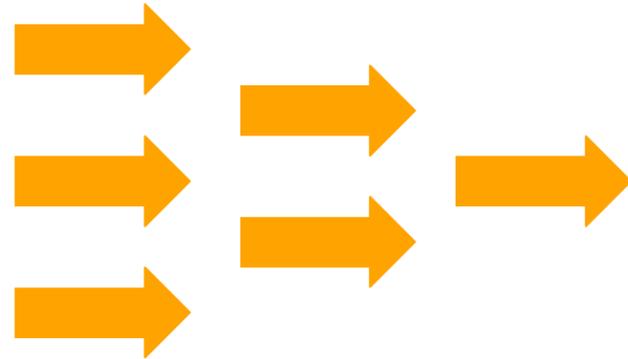
**Always  
Improving**  
Test  
Inclusive Ideas  
Flexible/  
Nimble/  
Element of  
Surprise



# The Rules of Engagement

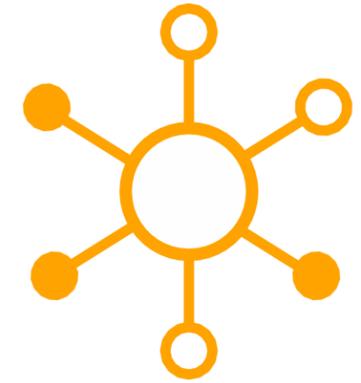
## Simplify

Easy to understand  
Communicate  
Execute



## Omni-Channel

Salesforce  
Implementation  
Store Association  
Foundry Moments at  
Stores



## Always Improving

Test  
Inclusive Ideas  
Flexible/Nimble/  
Element of Surprise



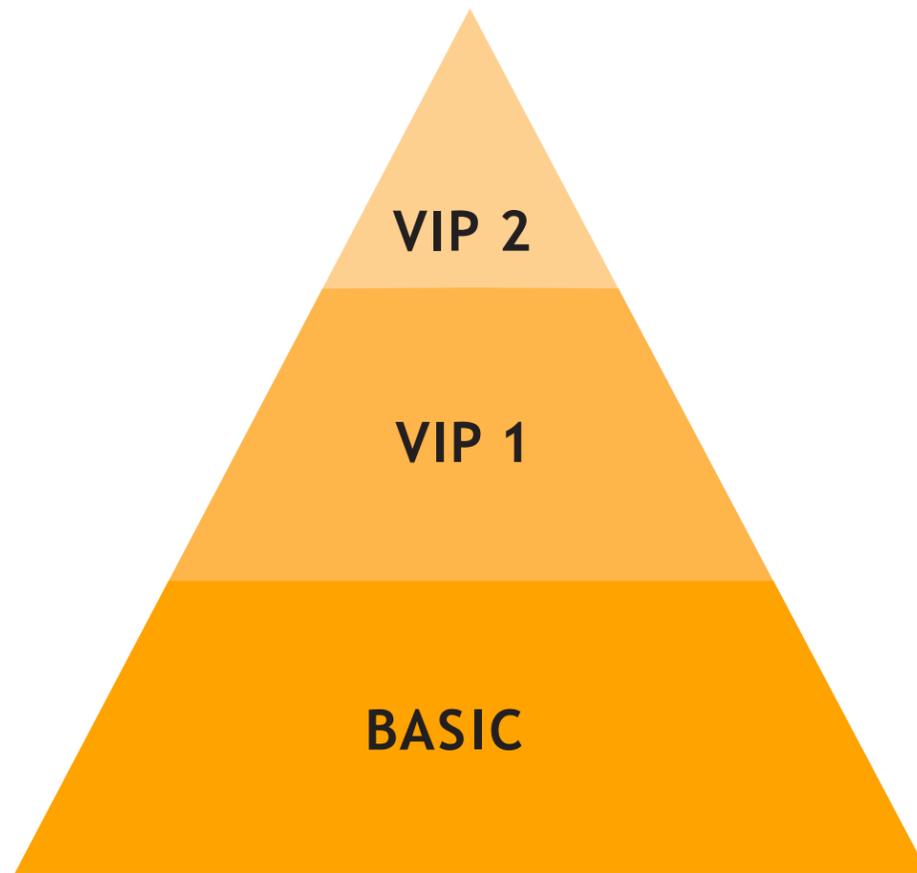
## Employee

Empowered  
Program  
Transparency  
Store  
Involvement  
Personalized  
Events



# Program Evolution

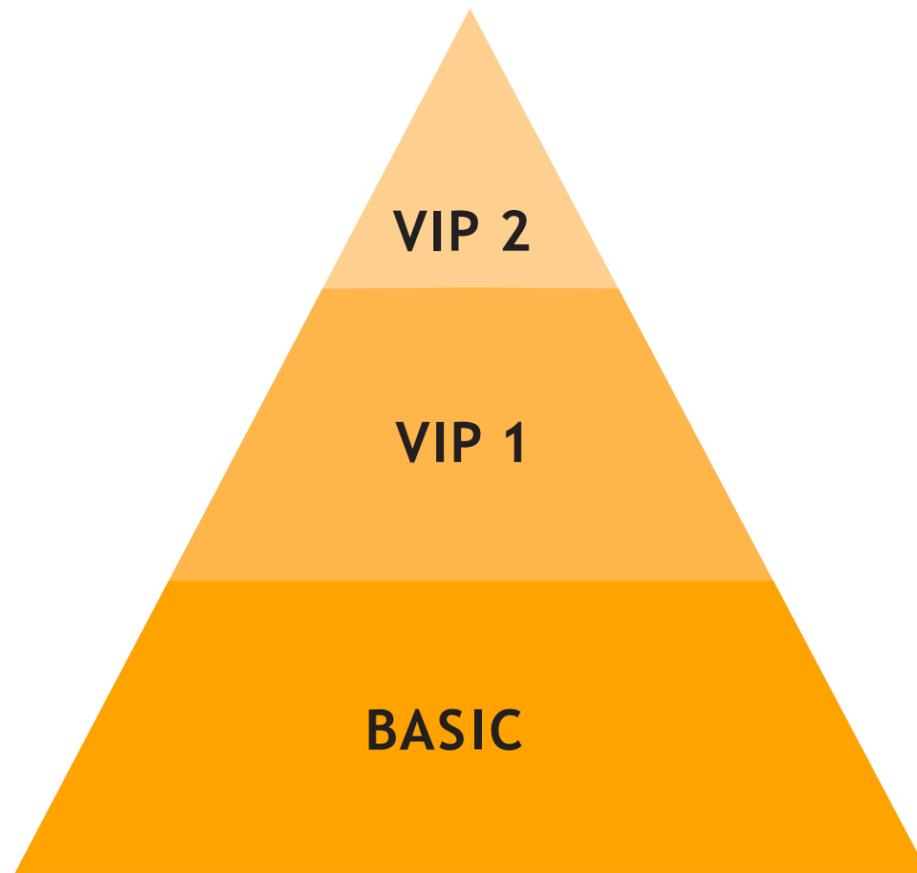
**Foundry**  
**(THROUGH 2018)**



*Traditional &  
Hierarchical*

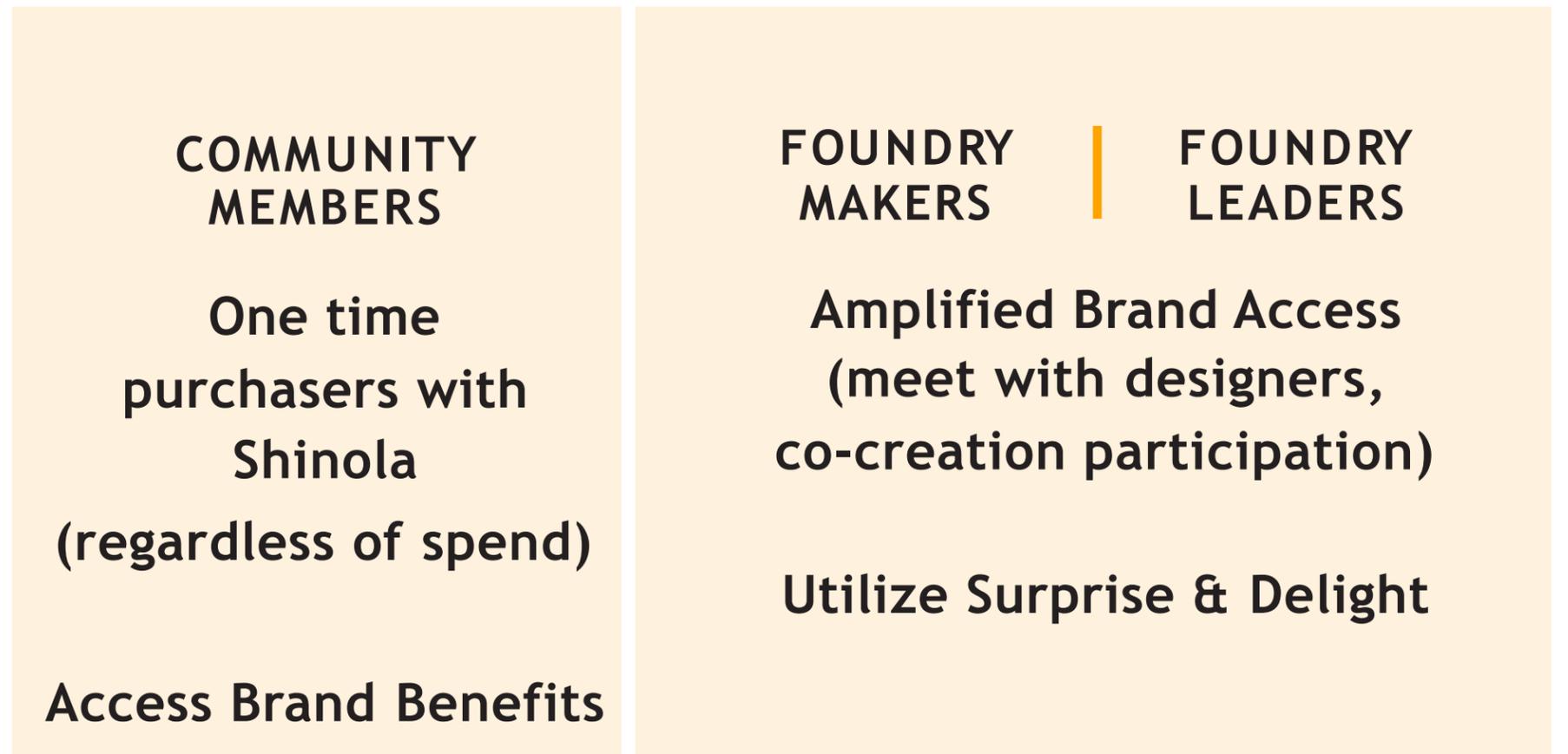
# Program Evolution

## Foundry (THROUGH 2018)



*Traditional &  
Hierarchical*

## Shinola Community (These are internal levels)



*Increases  
Inclusivity*

*Simplified Structure &  
Definitions*

# **New Program Goals**

- **Increase Foundry Member Repeat Purchase Rate +25%**
- **Scale "Leaders" group by 100% by 2020**

# Where We Are Today

**SHINOLA**  
DETROIT

MENS WOMENS NEW ARRIVALS BEST SELLERS OUR STORY STORES

**WE'D LIKE TO SAY THANKS...**

**BY NAMING A DAY AFTER YOU AND GIVING YOU THE FIRST LOOK AT OUR BIGGEST LAUNCH SINCE THE RUNWELL**



We can't say it enough:

Our Foundry is such a valued part of our community. You believe in the importance of quality craftsmanship, in the meaning of thoughtful design. Your support is what keeps us pushing forward. In appreciation of your loyalty, we wanted to dedicate an entire day to you, our Foundry members. For our first Foundry Day, we're giving you an insider's look at a new timepiece that has been years in the making.

**FOUNDRY FIRST**

Watch the video below to get a complete preview of the Runwell Automatic and hear from our design, factory and store teams as we prepare for our big launch.

[WATCH NOW](#)



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TO FOUNDRY:

**WITH LOVE, FROM DETROIT**

# Takeaways

## 1. Be Consumer Centric vs Company Centric

- Start with your guests' needs and then align to your goals
- Invest the resources to uncover opportunities and avoid costly mistakes

## 2. Show Appreciation vs Seek Loyalty

- Shift the tone of voice from “asking” to “showing”

## 3. Always Be Learning

- Consistently stay in contact with your guests and trust their input
- Be flexible with your benefits and services so you can evolve as your consumer evolves
- Utilize “surprise and delight” to keep them engaged and curious

# 7 VoC-Based Life Cycle Points For Customer Engagement



**Purchase:**  
Not “closing a sale”, but opening a relationship.

**Onboarding:**  
High value, high ROI.

**Anticipatory response to decreasing engagement:**  
visits, responses, purchases, etc.

**Immediate response to negative experiences.**

**Surprise & delight thank you’s.**  
High value, high ROI.

*Value-added cross-selling & up-selling.*

*Personalized repeat sales & renewals.*



SHINOLA  
HOTEL

1400

SHINOLA  
HOTEL

SHINOLA  
HOTEL

VALET





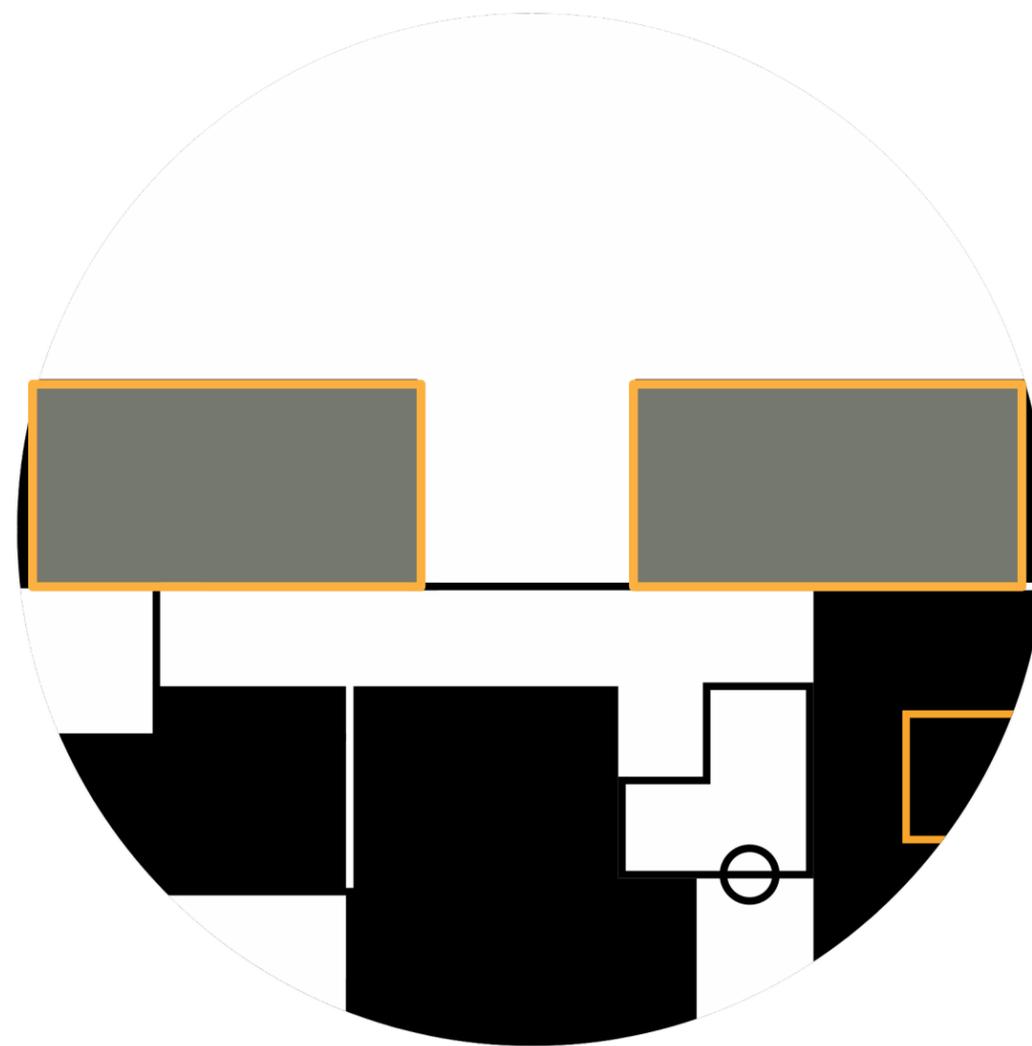
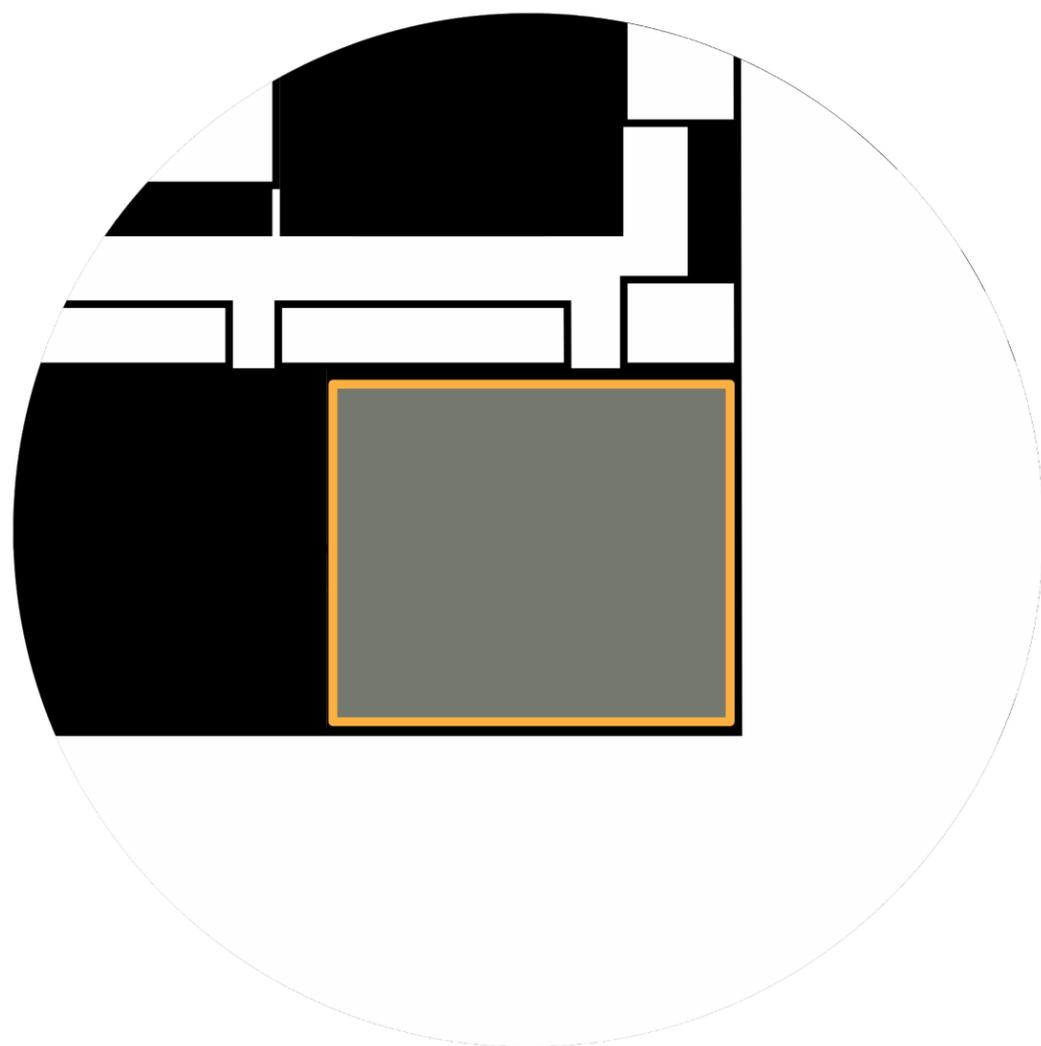
# ADDITIONAL INFORMATION FOR YOU

- Today's Presentation
- 24 Tips for CX Innovation
- CX Case Studies
- Ebook; *5 Ways to Use Human Data to Drive Deep Engagement*
- Ebook; *5 Strategies for Transforming Your Customer Experience*
- Blog: *Insights On Marketing Best Practices*
- Contact: [ernan@erdm.com](mailto:ernan@erdm.com)

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DETROIT

**THANK YOU**

# Lunch & Learns



# Lunch Topic Tables



○ REGISTRATION DESK

□ INSPIRATION 1:1 MEETINGS

□ CHARGING LOUNGE

# retail Innovation conference



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