

Customer Loyalty in the Oilfield: Familiarity



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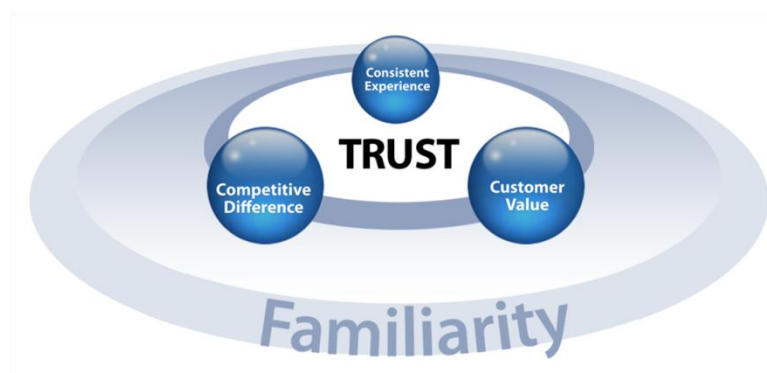
Overview

To build and maintain customer loyalty, your target market must first be familiar with you. Brand familiarity is important in obtaining customer loyalty, generating brand trust and driving price structure. This paper discusses customer familiarity with the oilfield industry, and how you can increase familiarity to build and maintain a high brand equity score.

The Relationship between Familiarity and Brand Equity

Familiarity is the market's awareness and experiences target buyers have with your brand. The familiarity that decision makers have with your oilfield brand can be measured. Familiarity is rated on a five point scale, and respondents are considered to be familiar with a brand if they state that they know more than the company name only.

Familiarity is part of a company's overall brand equity. In our Gulf Research studies we measure the brand equity of oilfield industry leaders. Familiarity is required for decision makers to rate your company.



- **Familiarity** is defined as the awareness and knowledge targeted buyers have with your brand; it is based on experience with your brand
- **Customer value** is how options are evaluated and decisions are made; it drives your pricing structures
- **Competitive difference** is how brands are distinguished; it drives your reputation
- **Consistent experience** is how well your brand delivers on its promises; it drives your customer satisfaction

In our Gulf Research oilfield brand equity studies, we have consistently found that brands with the familiarity are highly correlated with Net Promoter Score.

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In this example, the Net Promoter Score is the result of subtracting those who will recommend you to others from those who chose not to (detractors). This chart includes respondents who are familiar with the company, and is segmented by usage. Those organizations with the highest brand equity scores also have the largest numbers of customer advocates.

How likely would you be to recommend each of the companies below to a colleague who was looking for a supplier for the kinds of products/services that each provides?

	Net Promoter Scores of those who have "Heard of but never used this company"	Net Promoter Scores of those who "Have used this company but not within the past two years"	Net Promoter Scores of those who "Have used within the past two years"	Net Promoter Scores of the total sample*
Schlumberger	-37	12	43	14
Halliburton	-29	-4	45	10
Smith Bits	-61	15	57	9
M-I SWACO	-68	-4	39	6
Cameron	-63	5	49	2
Hughes Christensen	-57	10	51	2
Weatherford	-50	-10	43	2
Baker Oil Tools	-30	-15	46	1
National Oil Varco	-65	-3	44	-1

*Respondents only evaluated companies with whom they indicated familiarity

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We have found that brands with a higher familiarity score also tend to have a higher price premium index and higher reputation scores. In this example, the green indicates high performance, yellow indicates moderate performance, and red indicates low performance.

I	Familiarity Index*	Price Premium Index	Reputation	Satisfaction	Brand Equity Score**
Company A	100	47	84	78	70
Company B	100	42	77	74	64
Company C	98	39	78	75	63
Company D	91	43	82	76	61
Company E	89	35	61	72	50
Company F	89	21	69	76	49
Company G	83	28	75	72	48
Company H	94	22	59	63	45

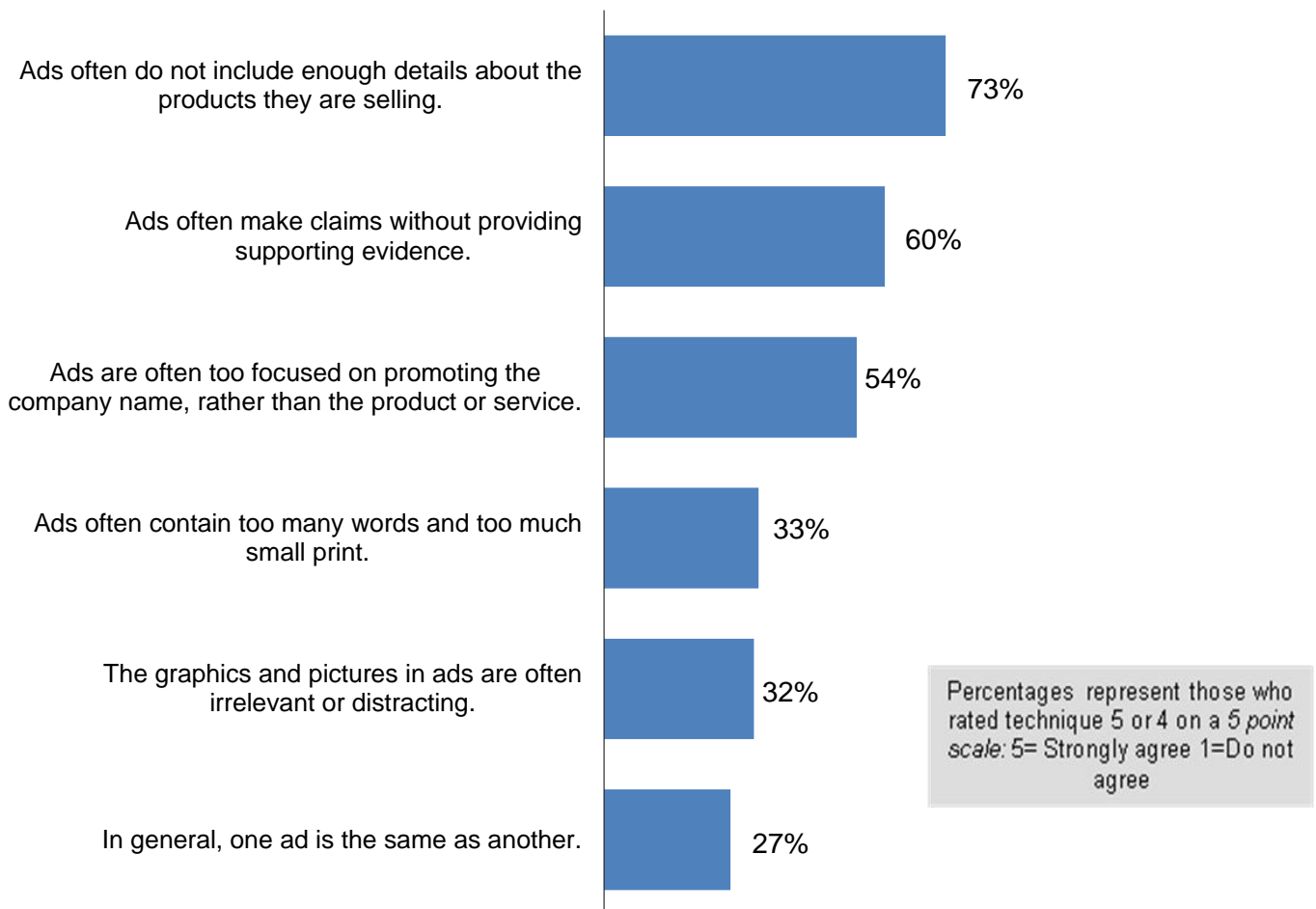
The implication for oilfield marketers is clear – ensuring that your target market has awareness and knowledge of your brand affects brand equity, customer loyalty, and your ability to command price premium.

Increasing Familiarity

Advertising and trade shows are two mediums for increasing familiarity. In our Gulf Research oilfield surveys, we examined advertising effectiveness in oil and gas journals. We found that over two-thirds of oilfield professionals are spending at least 5% of their work hours reading oil and gas journals and magazines.

In order to increase familiarity through advertisements, your ads must be effective. As shown in the chart below, the most common complaint that readers have about product advertisements in these magazines and journals is that they do not include enough details or supporting advertisements about the products they are selling.

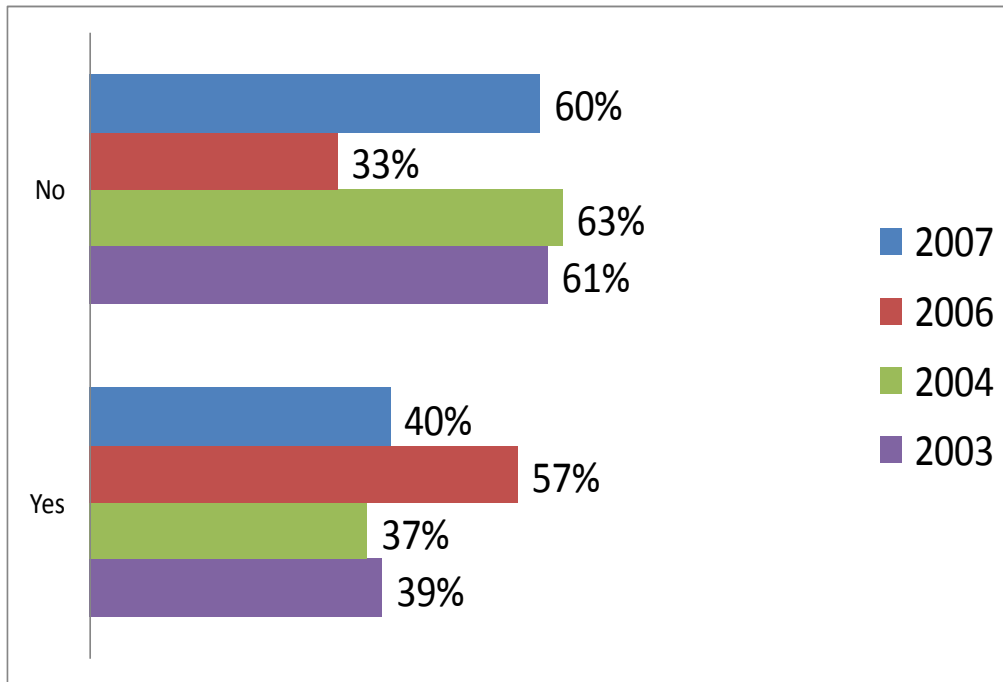
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Although online and print advertising is highly visible, it often cannot fully satisfy buyers' informational needs. Industry conferences and trade shows are useful techniques for building your familiarity and giving buyers access to specialists and demonstrations of your technology. Our surveys indicate that tradeshow attendance is expected to grow from previous years, resulting in an increase in opportunities to sell your brand and products.

As evidenced by the chart below, a high percentage of purchase decisions are influenced by meeting with an exhibitor at an industry conference.

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Respondents were asked: Thinking about all of the petroleum industry technical conferences and exhibitions you attended in the past 12 months: Did you recommend, authorize or make a purchase of products/services that was influenced by or resulted from meeting with an exhibitor at an industry conference?

Taking Action

Armed with the insights for your specific brand, you can better organize your brand strategy to improve customer loyalty. Increasing familiarity is the first step to building brand equity. It is necessary to measure familiarity, as well as other attributes of brand equity, to determine areas that need the most improvement. After this is determined, you can create an action plan in conjunction with your marketing and service teams. As shown in the table below, brand research measures translate into strategic guidance from market segmentation to brand promise development.

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Brand Equity Element	Familiarity	Customer Value	Competitive Difference	Consistent Experience	Trust
Description	The level of awareness and knowledge the target has about the brand	How options are evaluated and decisions are made	How brands are distinguished	How well the brand delivers its promise	Strength of the relationship with the brand
Research Metrics	Experience with the brand	Tendency to pay price premium or discount	Reputation	Satisfaction	Likelihood to recommend the brand
Strategic Outputs	Market Segmentation	The perceived costs and benefits of the brand relationship	The distinctive place you occupy in consumers' minds	The ways in which brand touchpoints deliver the promise	The essence of the brand that drives confidence in it
Brand Guidance	High priority segments	Value proposition	Positioning statement	Service standards	Brand promise

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About Endeavor

Endeavor Management, is an international management consulting firm that collaboratively works with their clients to achieve greater value from their transformational business initiatives. Endeavor serves as a catalyst by providing pragmatic methodologies and industry expertise in Transformational Strategies, Operational Excellence, Organizational Effectiveness, and Transformational Leadership.

Our clients include those responsible for:

- Business Strategy
- Marketing and Brand Strategy
- Operations
- Technology Deployment
- Strategic Human Capital
- Corporate Finance

The firm's 40 year heritage has produced a substantial portfolio of proven methodologies, deep operational insight and broad industry experience. This experience enables our team to quickly understand the dynamics of client companies and markets. Endeavor's clients span the globe and are typically leaders in their industry.

Gelb Consulting Group, a wholly owned subsidiary, monitors organizational performance and designs winning marketing strategies. Gelb helps organizations focus their marketing initiatives by fully understanding customer needs through proven strategic frameworks to guide marketing strategies, build trusted brands, deliver exceptional experiences and launch new products.

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