



# Stio (mountain)

## Recommendations

May 13, 2016

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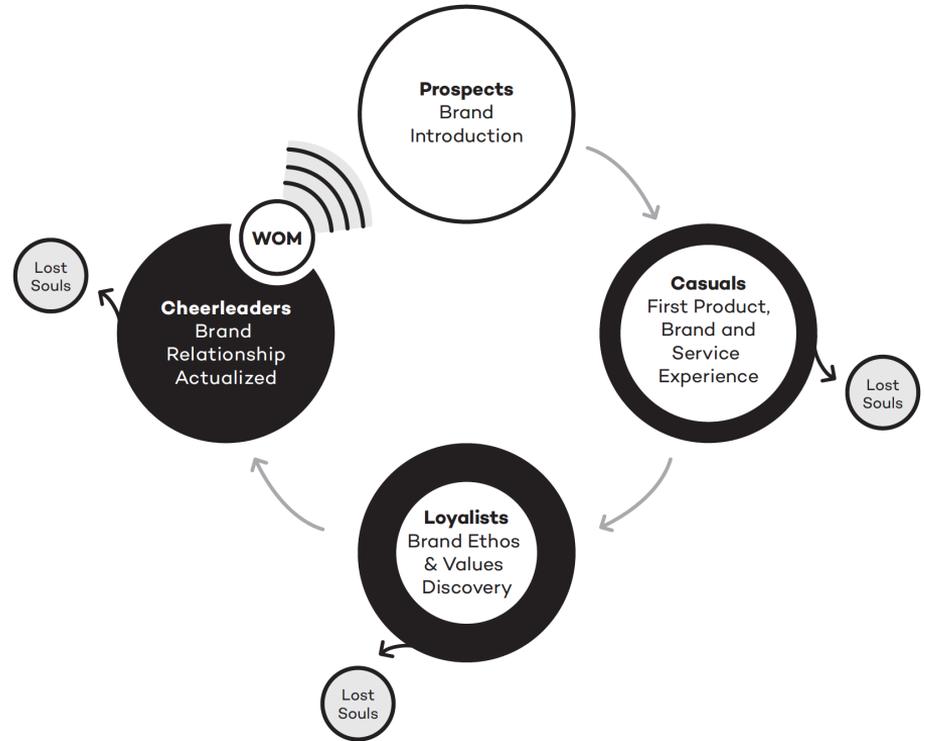
## Introduction / How Loyalty Works

### Tracking Migration

Brand customers go through a step wise progression on their path to loyalty.

The path is marked by milestone experiences; milestones customers come to believe are unique and unmatched by other brands. These milestones are also marked by significant increases in buying behavior.

By designing a blueprint based on this behavior, loyalty can be designed, or architected, into the user experience. Loyalty architecture fits into the landscape of branding and marketing at the outset, like the blueprint for a home. It's the beginning of everything.

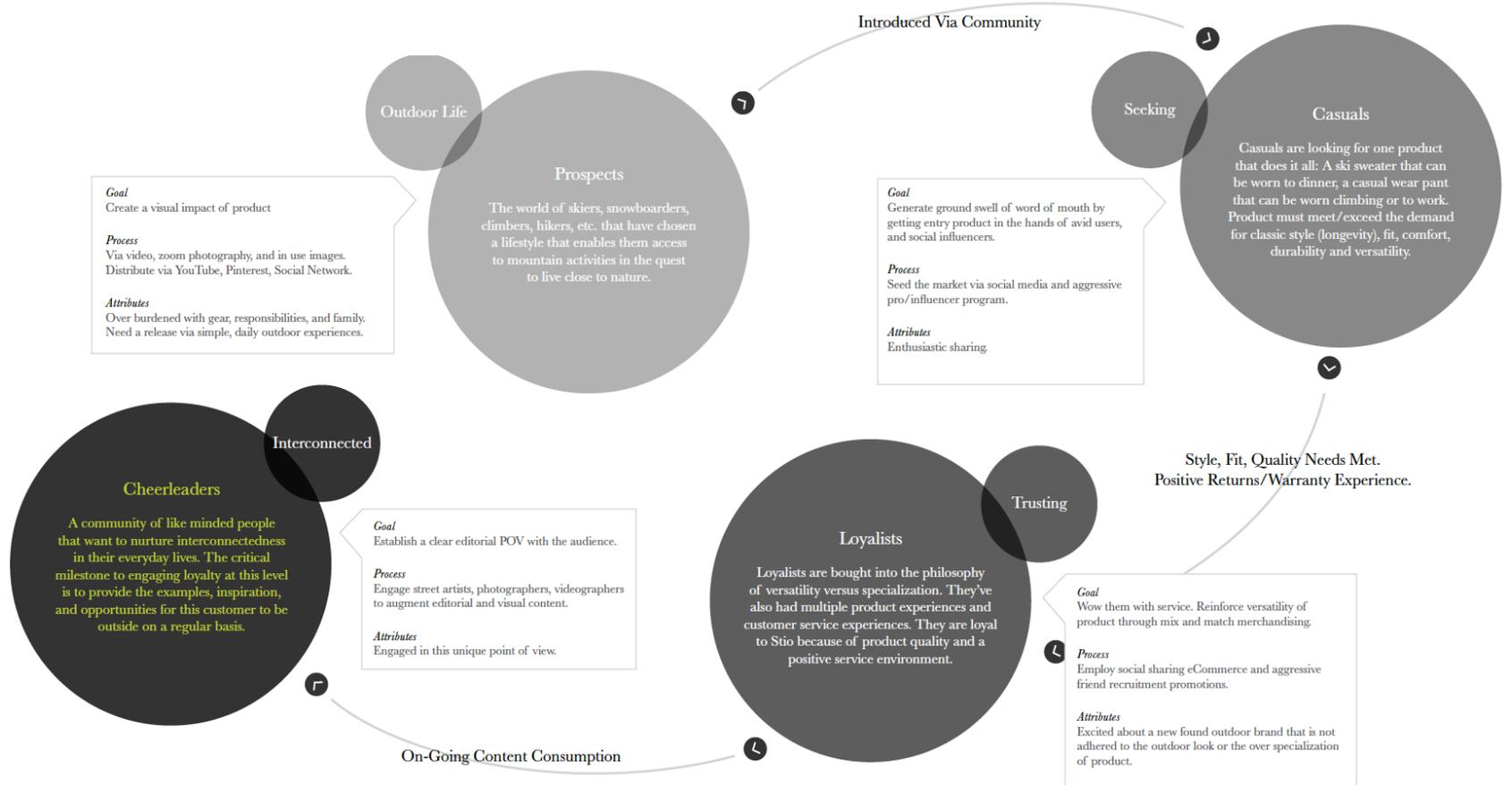


"If you purchase a car, you probably don't want to see another car ad anytime soon. If you want to see anything, it might be an ad from the car company welcoming you and telling you how the car works. Consumers want you to add value to their experience. Otherwise, you are noise."

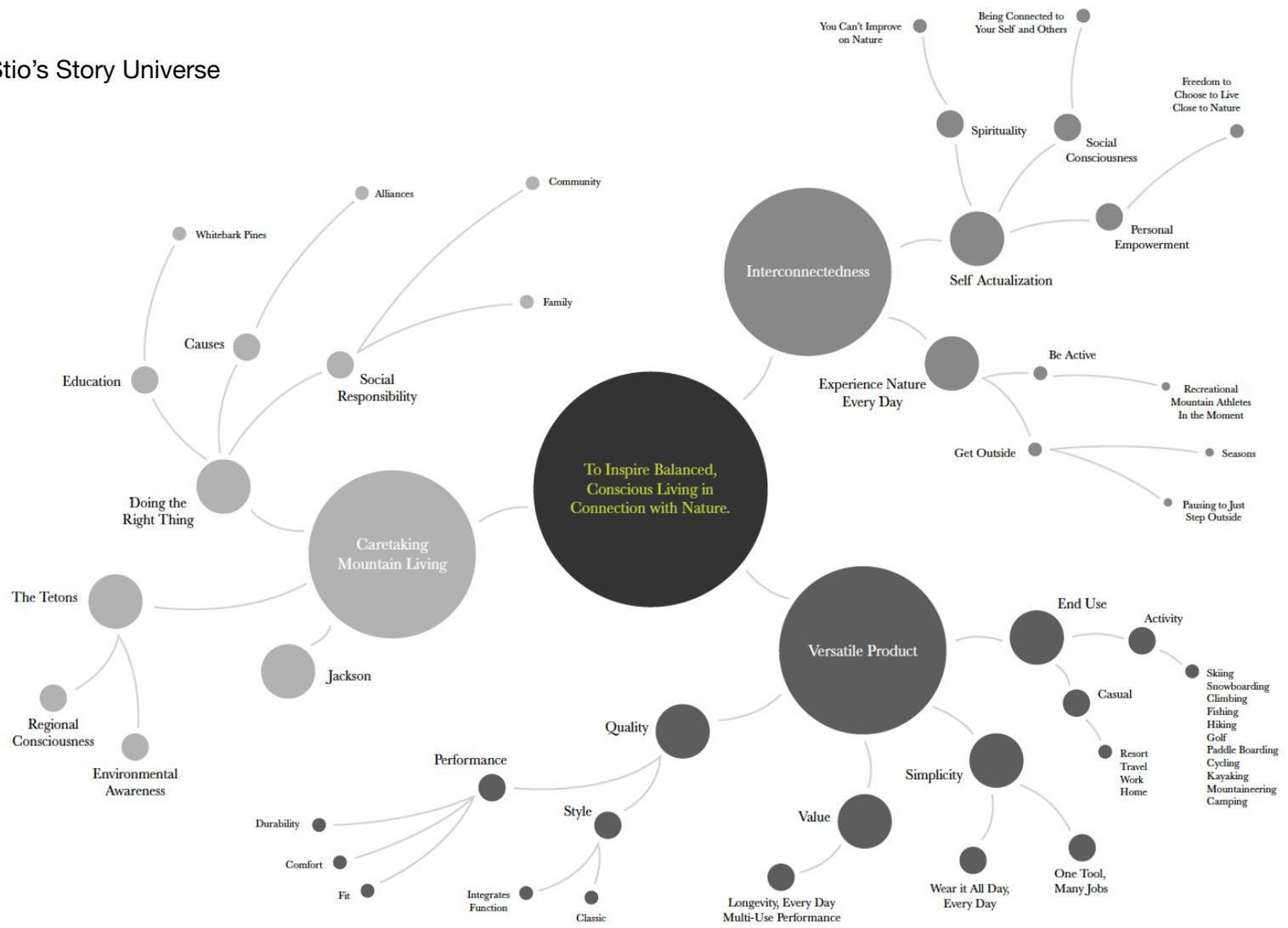
—Carolyn Everson, marketing VP, Facebook

**Following are recommendations how Stio can leverage the original brand architecture framework (The Customer Activation Cycle and Story Universe) to recruit and retain customers—i.e. improve the acquisition of new customers and the migration of existing customers along the Customer Activation Cycle—adding >\$1.25M in contribution dollars without increasing acquisition spending.**

# Introduction / Stio's Customer Activation Cycle



# Introduction / Stio's Story Universe



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"The relationship people want to have with brands... most of the time they don't want to be advertised at, interrupted. When you bring utility to people's lives, that's where you have an opportunity.."

— Marc Mathieu, CMO, Samsung Electronics America

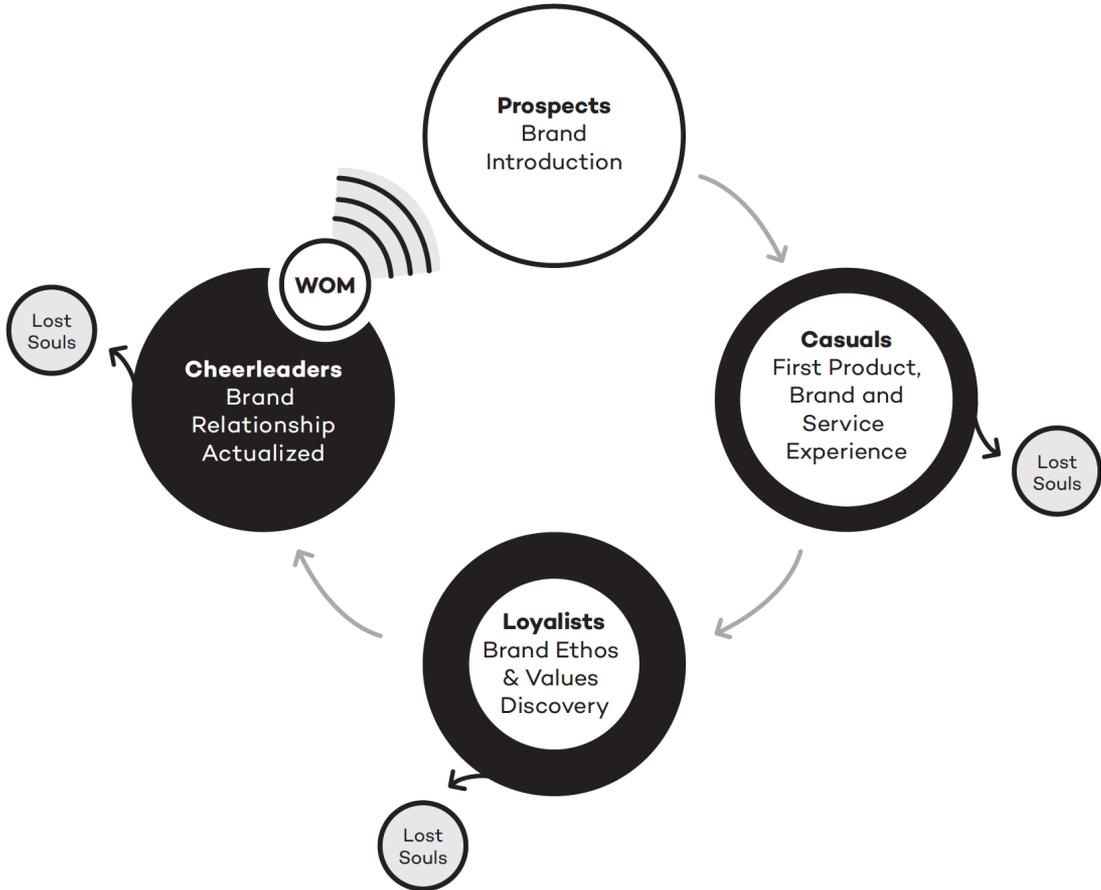
## Scaling Profitability / Segment Summaries

**Prospects**  
Mountain Living

**Casuals**  
Looking for one product that does it all

**Loyalists**  
Bought into the “anti-outdoor industry”  
philosophy

**Cheerleaders**  
Art, work, play (outside), every day



## Scaling Profitability / 24 Month Segment Contributions

### Prospects

Make a first transaction

Purchase Frequency

No purchase

Total Segment Value	\$0
Segment Count	0
Average Contribution/Customer	\$0

### Casuals

Repeat transaction within 45 days

Purchase Frequency

1x

Total Segment Value	\$1,943,005
Segment Count	9,293
Average Contribution/Customer	\$209

### Cheerleaders

Engaged in purpose

Purchase Frequency

4+

Total Segment Value	\$1,855,521
Segment Count	1,525
Average Contribution/Customer	\$1,217

### Loyalists

Broaden category purchases

Purchase Frequency

2-3x

Total Segment Value	\$1,966,732
Segment Count	4,158
Average Contribution/Customer	\$473

## Scaling Profitability / Stio Current Migration Rates

### Prospects

Acquisition is expensive via vehicles alone

### Casuals

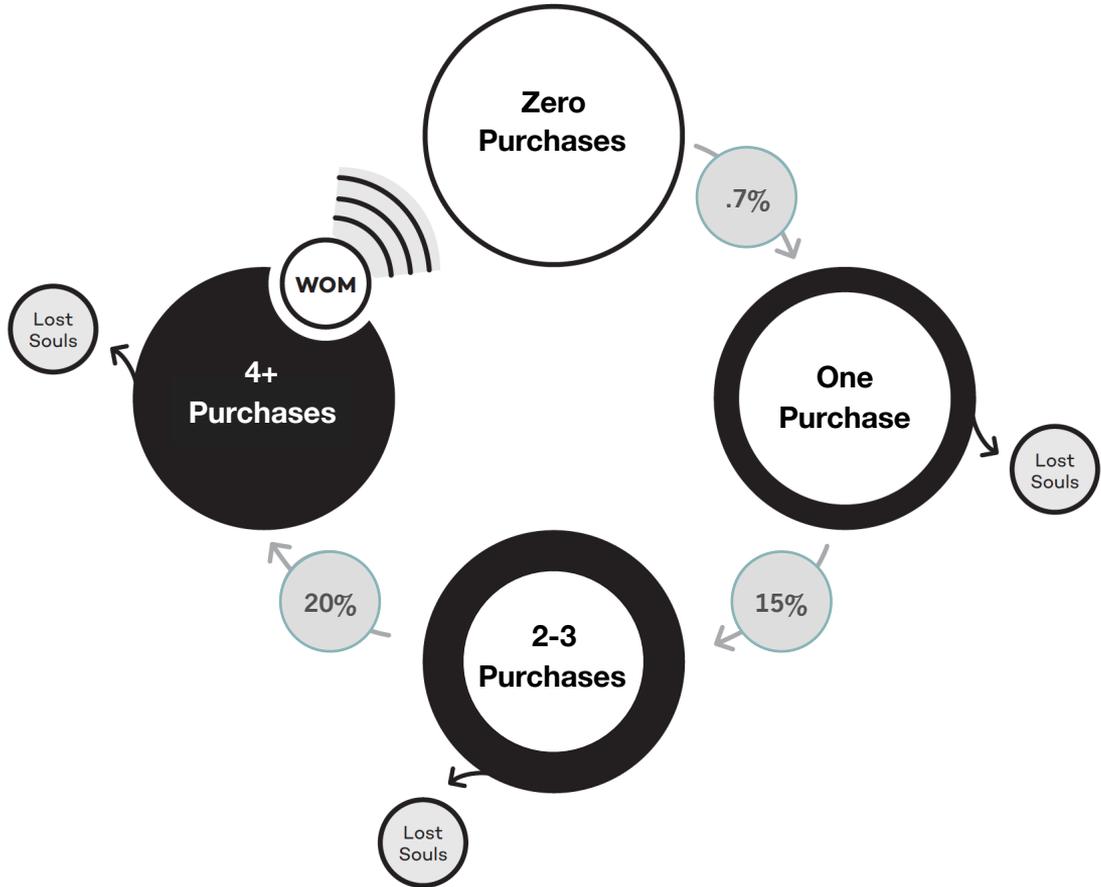
Satisfied with product and service experience

### Loyalists

Hesitating between 2nd and 3rd purchase

### Cheerleaders

Retaining Cheerleaders at 71%



## Scaling Profitability / Potential Segment Contributions

### Increasing Acquisition Rate of Prospects

from .7% to 1% would mean an additional \$200k in contribution dollars

### Increasing Migration Rate of Casuals to Loyalists

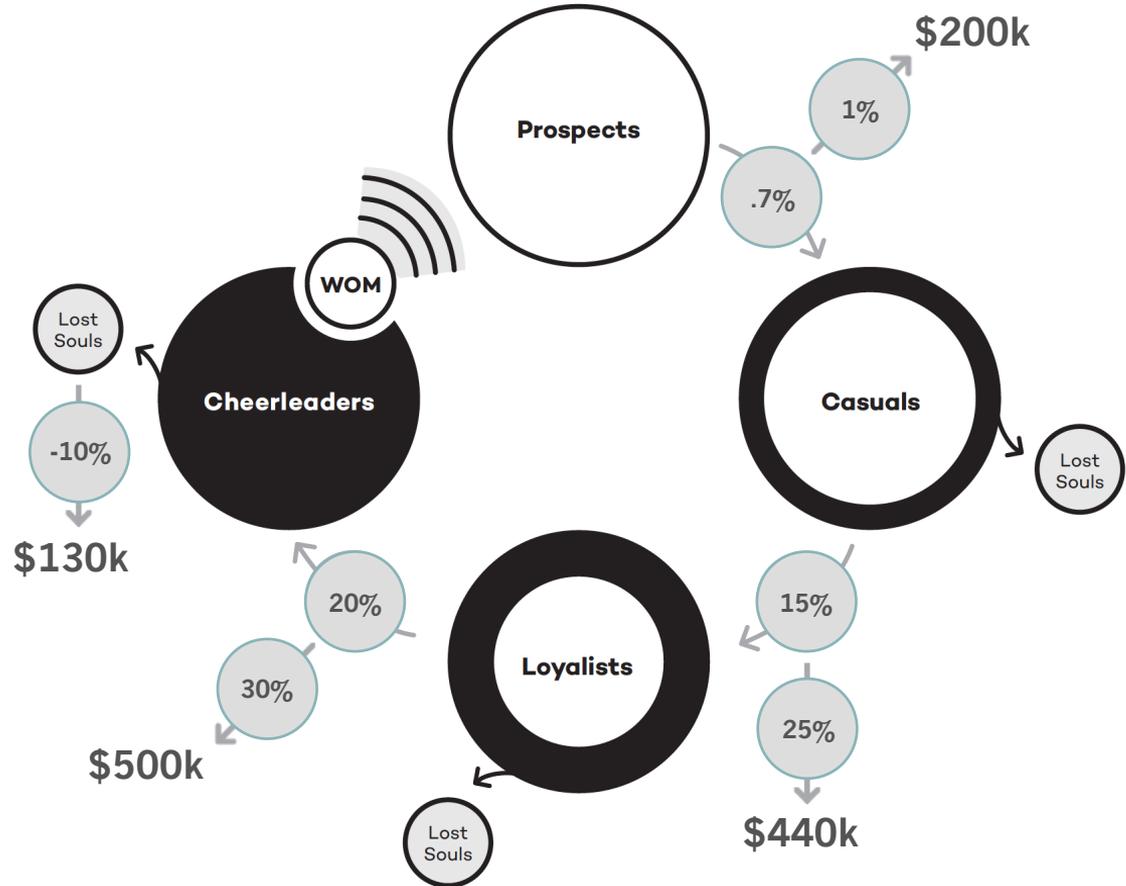
from 15% to 25% would mean an additional \$500k in contribution dollars

### Increasing Migration Rate of Loyalists to Cheerleaders

from 20% to 30% would mean another, additional \$440k in contribution dollars

### Decreasing Attrition of Cheerleaders

by 10% would mean an additional \$130k in contribution dollars



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## Recommendations / Focus on Content to Improve Migration Rates

- Pen a theme from the perspective of an editor for the calendar year around the idea of “living close to nature:” i.e. what does it mean to build a life around being able to access natural settings on an every day basis. It’s not about skiing or any particular activity it’s about the rhythm of being immersed (even for a moment) in the outdoors (use another word)
- Go back to the Customer Activation Cycle (now CAC) and the Story Universe (now SU) to pull stories
- Focus on the strategic imperatives by CAC segment
- Devise tactical messages by CAC segment
  - Acquire
  - Adopt
  - Progress
  - Retain
- Once customers make a 3<sup>rd</sup> purchase they move to Cheerleader very quickly
  - Figure out why (talk to your 3x buyers and 2x buyers and compare)
    - You just need a handful
    - Have your content person do this
  - Figure out what customers need at 2<sup>nd</sup> purchase
- Need a story based newsletter
  - See Hiut Denim
- Need a “why” story crafted that is not marketing speak
  - Examples:
    - Alps & Meters (<http://journal.alpsandmeters.com/>)
    - Yeti (<http://yeticoolers.com/yeti-videos/tootsie/>)
    - <http://www.theplayerstribune.com/>
- Is kids is a big indicator of becoming a long term buyer?
  - If so, then start an acquisition program around kids
- Build an Editorial Calendar
  - 12 months
  - Your content person should do this
  - Build it based on 5-7 content categories (i.e. perspectives)
- Need a new global navigation bar approach
  - As example see again
    - Hiut Denim
    - Alps & Meters

## Recommendations / continued

- About Us section on the site needs a soul
  - CAC and SU lead messages to populate ASAP
    - Versatility
      - One tool. Many jobs.
    - Value
      - Longevity, every day use, multi-use performance
    - Non-outdoor outdoor... be the anti-outdoor
      - See Alps and Meters
    - Be the anti-outdoor brand
  - Leverage story tellers to tell stories
    - Again, see the Journal on Alps and Meters
  - What happen to the environmental story?
  - Need more Tetons
  - Tell the story of mountain families
    - Worn wear
    - Passing it along (not product, rather the love of the outdoors)
- Expand Product Page
  - Fit / Comfort lead stories on these pages
  - Expand the photography footprint
  - Provide a lot more diverse imagery on the product page (lifestyle)
    - This will fill the current void of brand personality
  - Think of all content around the theme “stio works” and what that might mean in terms of a mountain lifestyle, not a luxury mountain lifestyle of the rich and famous resort goers, but the people that live in mountain towns everywhere, not just Jackson
  - Review the affinity ladder
  - Review the loyalty ladder



**Thank you.**

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