

2016 Trends in Customer Loyalty



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Customer Loyalty Trends in 2016

The customer loyalty landscape is changing rapidly and that pace of change is only likely to accelerate in 2016. More and more, companies are viewing their loyalty investments as an opportunity to differentiate themselves and drive positive ROI for the business, as a profit center rather than just a cost of doing business. Three of the key trends driving this change in mindset are: personalization, the omni-channel customer experience and connected devices.

Personalization

Traditionally, “personalization” in retail referred to personalized messaging and personalized product recommendations. In eCommerce, Amazon has set the bar with much of this. In streaming media, Netflix is probably the best poster-child. However, from a customer loyalty perspective, personalization is more than just using some fancy technology to message a customer by name or upsell them a complementary product based on “people like me.” True personalization can be much more granular than that – offering the right incentive, in the right amount, targeting the right behavior, in the right channel, at the right time. In essence, it means building a unique strategy and set of program rules for each customer, not a one-size-fits-all approach.

For example, take two grocery customers: June and Jerry. Imagine June splits her grocery shopping across several chains and only shops in Chain X one time per month, buying household staples only. Her customer behavior data shows that she could buy more frequently - 4x per month - that she could spend in high-margin categories like pre-prepared foods or health and beauty and that she doesn’t open her emails. Grocery Chain X should therefore use its loyalty program to motivate June to increase the frequency of her visits and cross-sell new categories. The messaging should calibrate the amount and type of incentive to encourage her to perform these valuable net new behaviors and should happen at POS (on-receipt or via the customer service rep).

By comparison, Jerry might be a customer that always buys pre-prepared foods but nothing else and has downloaded the retailer’s app. Knowing this, Chain X should incentivize him to buy more staples via mobile notifications – again, with a highly personalized reward at a level of investment that is consistent with the profit it could earn on those items.

Omni-Channel

A second key trend in loyalty is omni-channel. Customers increasingly expect to be addressed by a company with one voice. Your customers will hold you to the highest standard of all of the other companies that they buy from, across any industry. This means that a customer will wonder why they can’t pre-order from you, to avoid long lines, when they can do it so easily at Starbucks or Sweetgreens through their mobile apps. Every channel needs to effortlessly “talk” to the other and be aware of the same customer experience.

In a loyalty context, an omni-channel approach allows a company to collect customer interaction data across all touchpoints to build a 360 degree view of each customer. This deeper understanding allows for highly personalized customer experiences and offers, which need to be delivered across all customer touchpoints with the same holistic view. For example, a common customer journey is to receive an email offer and click through to the website. Therefore, any offer presented via email should trigger seamless messaging when the customer arrives at the website. That might mean, if an email is offering “10x points” for buying in a specific category, online messaging picks up this conversation, reminds the customer of this offer and encourages them throughout the purchase process. The complexity of this strategy can be quite high but the potential for increased engagement and resulting revenue are too.

Connected Devices

A final trend in loyalty – albeit at an earlier stage than the other two – is the use of connected devices. Again, Amazon is leading the charge in this space with its recently announced “Dash” service.

This service allows connected devices – either through the use “easy-buttons” placed near common household appliances or through WiFi chips built into those devices – to auto-order replacements. Interestingly, Amazon plans to not only collect data when a consumable is depleted, but also as it is consumed, adding an enormous stock-pile of data to an already rich treasure trove of customer behavioral data.

As loyalty programs increasingly have the ability to tap into purchase and usage data, they can see deeper into the customer experience and motivate customers accordingly. In the in-store context, an analogous technology that many retailers are investing heavily in is “presence zones.” These mini-beacons allow retailers to monitor customers when they are in store locations and encourage behavior with push notifications.

This certainly is an exciting time for companies looking for new ways to deeply engage with their customers and for consumers who have more choice and control than ever before. As 2016 unfolds, I look forward to seeing how these trends will impact customer loyalty and what new trends and opportunities will emerge.

For a more in-depth look at the personalization of incentives, download this ebook produced by Exchange Solutions in conjunction with [RIS News – Stop Wasting Your Marketing Dollars: How 1:1 Personalization of Incentives Can Deliver Measurable, Profitable Results.](#)

About the Author

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Ron Gerace is responsible for the product and marketing strategy at Exchange Solutions and oversees product, product marketing, retail practice and merchandising for Exchange Solutions. Ron brings extensive leadership experience in omni-channel retail and ecommerce including general management, marketing, merchandising, promotional and sales leadership experience.

About Exchange Solutions

Exchange Solutions offers innovative customer engagement and loyalty products that maximize customer lifetime value, customer satisfaction, and profitability.

ES Engage is our cloud-based, individualized offers customer engagement product focused on driving incremental customer behavior and optimizing promotional spend, using 1:1, real-time technology, machine learning analytics and compelling customer experience.

ES Loyalty is our comprehensive, cloud-based loyalty solution that delivers robust functionality and services to operate a loyalty program.

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