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The Future of Customer Loyalty: Top 5 Predictions for Driving Relevant Customer Experiences in 2020 and Beyond

Introduction

As brands move into 2020, customer loyalty has become more elusive and harder to maintain than ever before. Disruption is occurring in every industry from retail to restaurants and convenience stores, challenging brands to innovate their products, services, supply chains and partnerships to stay competitive.

Today's loyalty strategies also need to be built to continually evolve. Brands can no longer take a "launch and leave it" approach. Businesses need to meet their customers where they are. Customers are everywhere on every device, blurring the lines between physical and online experiences.

They're often using digital channels throughout their entire experience starting with initial product or restaurant searches, then purchasing in-store with a personalized, digital offer, and afterwards leaving social reviews or working with customer service and chatbots.

Meeting changing customers' expectations means delivering a unified loyalty experience that makes shopping and dining easy and convenient. This requires truly knowing your customers in real-time through agile cloud-based technology that delivers data-driven offers at the right opportunity and over the right channel to build holistic engagement around the brand.

In 2020, it's time to take a modern approach to generating loyalty that inspires customers through AI-powered insights and personalization that are fresh and rewarding.

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1. Provide Next-level Personalization

Producing next-level personalization is about creating customer offers and messages that are relevant in new ways.

Brands have been providing the most basic level of personalization such as the sending of birthday messages for many years now. However, businesses that want customers to continue purchasing from their brand rather than a competitors' in 2020 and beyond need to capture more data and maximize the value of the vast amount of data that is available. Through the layering of this data, they will be able to identify individual preferences or that added surprise that will accelerate a customer's path to rewards and ultimately to delivering more lasting loyalty.

For example, a national enterprise brand found value in generating a healthy lifestyle promotion by offering a plant-based smoothie special that increased loyalty traffic by 23% and loyalty sales by 34%. In addition to increasing revenue, it provided the brand with valuable behavioral data regarding the interest and impact of health and wellness in the lives of their loyalty members and the importance of building this component into their future strategy.

Creating the optimal degree of personalization across customer segments and touchpoints requires access to the right data and the technology to put it to work. According to a BCG-Google 2019 study, retailers invested 0.7% of their revenues in personalization. However, they recognize opportunities abound, expecting over the next three years to increase their investment to 18%, while best-in-class retailers plan to increase their investment in personalization by 30%.

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Brands that make the investment will provide highly personalized and connected experiences that migrate customers throughout their journeys to becoming loyalists. Next-level personalization will help marketers reach their business objectives in the upcoming year, including building their brands, engaging customers, increasing campaign responses and maximizing CLV.

2. Meet Customers Where They Are At

Delivering a modern loyalty program means breaking down the barrier between in-store and online to create a unified and fluid customer experience. Customers have access to more information than ever before. The expectation is that brands are utilizing technology to understand and know them, while making their lives easier.

Outdated technology that makes an in-store or online experience frustrating for employees or customers may stall the engagement process. For example, one QSR brand recently determined their large 1.2 million-member POS-based loyalty program was only delivering a 10% participation rate. Customers were forgetting to provide their email or phone number to earn rewards and extra work was required by servers to manually enter customer information. The brand realized they needed a mobile app-based loyalty program to foster the seamless dining experience that would drive visits and increase check lift.

Working from a digital approach also allows brands to reach customers with relevant communication, as businesses now must connect with four generations of consumers. To gain generational engagement requires brands to align with the technology usage, marketing penchants and social media preferences of each segment. Value is then

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directly delivered by providing personalized messages and offers based on behaviors and interests over the secure channels they already trust and use everyday to develop one-to-one connections.

3. Deliver Mobility in 3D

Marketers need the ability to take an omnichannel approach that maximizes engagement for mobile through email, SMS, and notifications, and also enables customers across channels, both in-store and online. Delivering 3D mobility supports customers as they build relationships with brands and grow during their journeys from anonymous to known to loyalist to superfan.

Businesses are investing in providing a unified brand voice through the functionality of their website, mobile app, payment systems, gift cards, and loyalty initiatives. And they are investing in technology that offers quick integrations with all their systems to deliver data-driven personalization.

Brands that embrace a loyalty strategy that delivers a complete omnichannel experience will benefit from more customer interactions and more frequent engagement. The more digital touchpoints brands create, the more opportunities for customers to earn and redeem rewards. This also gives businesses more opportunity to constantly measure satisfaction and re-imagine certain aspects of the customer experience to keep it fresh and modern.

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4. Measure Loyalty in New Ways

As brands are learning to treat loyalty as a living breathing entity that is continually evolving to meet the changing needs of their customers, they need to consider how to measure both short-term and long-term customer value.

Tracking and evaluating recency, frequency, and monetary spend helps brands determine CLV, giving them an important look into how their efforts are impacting customer perceptions 30, 60 or even 90 days out. This knowledge needs to inform daily marketing initiatives to optimize for loyalty by targeting all three aspects of CLV through the delivery of segmented customer campaigns that drive relevant one-to-one connections.

Data also needs to be used in new ways to provide context to understanding what underpins loyalty, which is emotions. Brands are delivering more customer satisfaction and sentiment surveys and applying AI algorithms to turn responses into quantifiable data that helps brands see the total value they're delivering to customers both in-store and online.

Another step brands are taking is to add more emotional components to their program by acknowledging members not just for purchases, but also for being engaged. Progressive businesses are rewarding customers for social interactions with their brand to drive the success of personalization and to earn long-term loyalty.

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5. Work From a Single Innovative Platform

Marketers need a platform that does all the heavy lifting. Loyalty programs running on outdated legacy systems that lack system integrations will no longer succeed. Marketing spend on technology is on the rise as brands embrace cloud technology, data collection and analytics, automation, and security, which provide enterprises that ability to know their customers and scale.

An innovative platform delivers a 360-degree customer view by bringing together data on customer demographics, geographics, in-store purchases, sentiment analysis, loyalty status, etc. and organizes it around individuals for brands to personalize their marketing initiatives and serve up relevant offers.

Leading brands are powering their marketing strategy through AI analytics to gain the ability to process large quantities of data in an unbiased manner. Being able to quickly identify trends and insights that promote automated decision-making processes means brands are better positioned to be competitive in real-time.

A scalable platform also gives businesses the tools to create personalized messages that are executed through automated marketing campaigns and delivered over customers' preferred channels at the right time. This type of personalization connects brands with their customers in the most important ways, engaging them with customer offers based on where they are in their journeys.
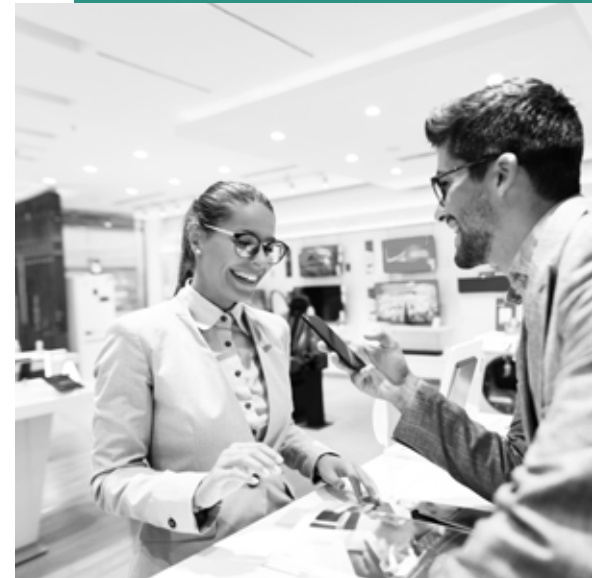
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About Punchh
Founded with physical restaurants, c-stores, and retailers in mind, Punchh creates the consistent, modern experiences consumers expect. Punchh is the world leader in delivering dynamic, one-to-one customer engagement through artificial intelligence, mobile-first expertise, and omnichannel communications. All of our solutions are designed to guide consumers through their lifecycle from customer to loyalist, delighting them along the way, and dramatically increasing lifetime customer value.

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