



BRAND LOYALTY WITH A DIGITAL DIFFERENCE



Interview with Sastry Penumorthy,
Co-Founder and VP Marketing &
Partnerships, Punchh

In the precarious world of hospitality, where minute bottom line changes can have a significant impact on operators, successful loyalty programs and investing in the right technology to drive those initiatives has never been more critical. We speak with **Sastry Penumorthy**, Co-Founder and VP Marketing & Partnerships from Punchh, an innovative leader in digital marketing products to get their insight on the state of loyalty within hospitality, the challenges operators face and how to overcome them.

What other benefits can the right loyalty system bring to operators besides driving customer lifetime value?

Choosing the right loyalty platform makes it easier for brands to integrate disparate systems and databases, and serve their customers uniquely.

With the growing number of ways consumers can interact with a brand (mobile, kiosk, web, in-store), what loyalty challenges does this present for operators and how can they overcome them?

Operators need to remember that consumers expect seamless omnichannel experiences, and their loyalty to the brand is very dependent on this. Operators need to adopt seamless thinking and transform their systems and organizations to be customer-centric instead of function-centric or systems-centric.

Many organizations today have separate functional groups that each focus on customer acquisition, CRM, loyalty and marketing offers.

Technologically, they have separate systems for each of these functions that may not integrate or even if they do, they don't integrate in real-time. Both of these issues result in disjointed, sub-optimal experiences for consumers.

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One benefit of consumers using their own devices to interact with brands is the quality of data collected. How can operators start using this data to their advantage now?

For brands, enabling consumer engagement via their own devices is both easy and effective. Via the use of branded Apple iOS and Google

Android apps on both smartphones and tablets, as well as mobile browser apps, brands can enable omni-channel engagement for loyalty, ordering, payments, surveys, social sharing and so on. It's more convenient for consumers to use their own devices so they are much more likely to engage.

Brands can take these points of engagement and gather relevant consumer behavioral data. There are two key principles that brands need to keep in mind – a) provide clarity to consumers about data that is collected and make it opt-in, and b) provide value to consumers by using the data to define targeted offers that are valuable to them.

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Of all the data operators are able to collect from their customers (demographics, behaviour, recency, spend etc), what are the key metrics they should be looking at from a loyalty perspective and why?

All of the data is relevant from a loyalty perspective. Traditional loyalty programs reward customers for things like visits, spend and tiered spend, for which the spend is important. However, brands need to differentiate themselves by going beyond traditional loyalty programs to “dynamic loyalty” - rewarding customers and personalizing their experiences by using other data. For example:

- A special surprise offer on a customer's birthday
- An offer to get low spenders to spend more or an offer to get infrequent visitors to visit more
- To never send a vegan customer a meat-dish as an offer

You recently wrote in a blog that operators need to invest in technology that solves problems 5, 10 or even 20 years from now. What problems can operators start anticipating now to protect themselves from in the future?

Operators should select a modern loyalty platform that is modular and enables easy integration to other systems. As consumers engage using newer, modern systems and channels (e.g. voice-based assistants), brands move to newer

points of sale (or other systems), and machine learning enables better offers to be designed, a modern loyalty platform makes adopting to the newer capabilities much easier than older solutions.

As more and more brands embrace digital technology, it is becoming less of a critical differentiator. How can brands differentiate themselves amongst other digitally savvy competitors?

While more brands have access to digital technology, they still have a huge opportunity to differentiate themselves by being highly creative about how to personalize the experiences they provide to their customers all the way from how to engage customers. Questions like how to engage customers, how to provide highly personalized service across any channel, and how to tailor offers to each customer based on their unique preferences, demographics, and behavior will be ever more critical.

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