eBook

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Loyalty Outlook 2022:
4 Maneuvers to Transition
from Survival Mode to
Strategic Powerhouse

Introduction

Over the past 24 months, brands discovered the importance of loyalty and engagement programs. For many retailers, this meant expediting and enhancing their loyalty initiatives like Casey's Rewards, Walmart+ and Albertsons' FreshPass or finally jumping on the bandwagon altogether, like McDonald's, Popeyes, and Cinnabon, who all launched programs in 2021.
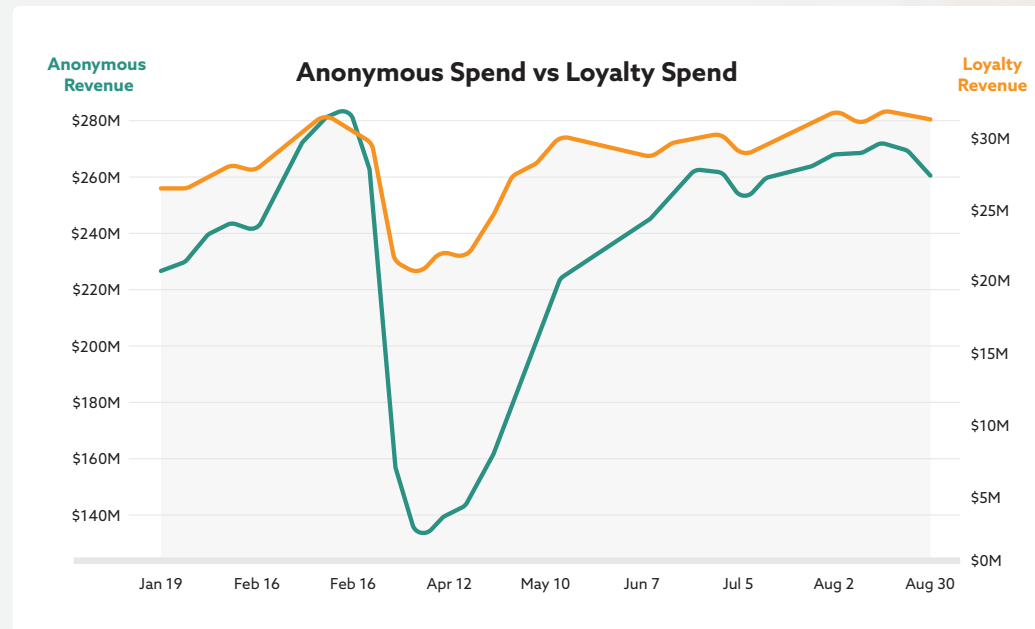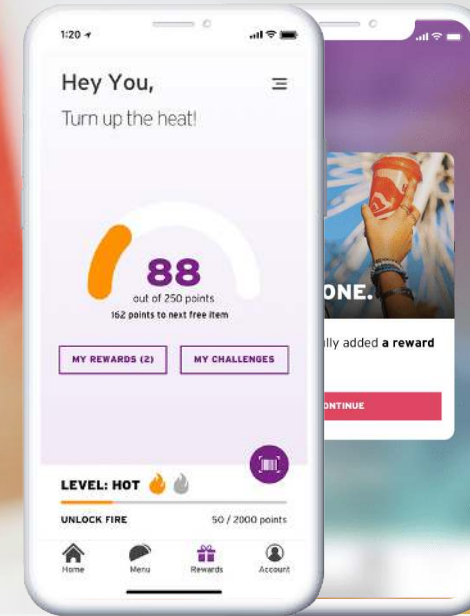
Taco Bell chose mid-pandemic to roll out Taco Bell Rewards, five years after its first loyalty iteration. The Taco Bell website and app received so much traffic that they crashed at launch time, demonstrating the pent-up demand for a modern program that was not only just about points, but also about optimizing the guest experience through personalization.

How the loyalty story took center stage can be told through data. Prior to the pandemic, the rule of thumb was 25% of customers were responsible for 50% of sales. Therefore, brands with a significant number of loyalty members were in a position to recover the fastest from the pandemic.

Punchh data reflects just how strong the correlation between loyalty and customer participation is, even during a pandemic. Non-loyalty sales declined almost 20% more than loyalty sales right after the

outbreak and took 60% longer to return to 90% of pre-covid levels*. The brands that were top of mind and investing in the bigger picture were rewarded with sales from loyal customers.

That's why loyalty has moved beyond being just a program. Here are four loyalty strategies every brand needs to consider to stay competitive and drive growth in 2022 and beyond.

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Anonymous Spend vs Loyalty Spend

Implement Contactless Payments to Deliver Seamless Omnichannel Ordering Experiences

The acceleration of off-premise trends continues as the Omicron variant evolves in the U.S. and customers move once again to adopt more cautious behaviors. Each new wave of the virus requires brands to realign with customers' changing lifestyles and health and safety preferences. The result is an expanded definition of loyalty to encompass making it easy for brands to deliver seamless omnichannel experiences.

Innovating to make consumer interactions even faster, safer, and more frictionless remain top priorities heading into 2022. Adding adjacent technologies that work in-store, online and within a branded app, like contactless payments, delivery, and curbside pickup are critical to a brand's success. And they're here to stay as a recent survey revealed that over 70% of consumers intend to use contactless payment solutions post-pandemic.

Moving forward, customers also want the convenience of contactless payment in-store. It's an important feature to help retailers retain their digital customers as they slowly return to their life away from home.

It's not just a better experience for guests– brands have much to gain by embracing contactless payment integration. Digital payments are playing a bigger role in consumers' lives as 47% report that they will not shop at a brand that doesn't offer a contactless way to pay. Couple that with the fact that **69% of shoppers** say that their choice of retailer is impacted by where they can earn loyalty and rewards, and it's clear that contactless payments and loyalty program integration are highly important to customer satisfaction.

Contactless Payments by Consumers

Intend to use post-pandemic	**70%**
Will not shop if brand doesn't offer a contactless way to pay	**47%**
Choice of retailer is impacted by where they can earn loyalty and rewards	**69%**

Consider adding contactless payments as part of optimizing the consumer experience to:

- ☑ Establish a safe and convenient payment option that keeps customers inside the merchant app where they can earn, redeem and pay in a single scan
- ☑ Provide franchisees a contactless option to deploy quickly in addition to NFC integrations
- ☑ Allow customers to make seamless loyalty-integrated payments anywhere, including in-store and drive-through using a simple QR code
- ☑ Leverage the reach of the PayPal/Venmo user base to acquire new customers through additional payment & funding options

* Punchh Platform Data 2020

Establish a Data-First Strategy to Optimize Customer Interactions and Experiences

It's no longer hard for brands to understand the different concepts driving loyalty. What's difficult now is how quickly they can adapt and evolve their solutions. An integration-ready platform that provides an extensive set of APIs for a wide-range of systems offers the quickest time to value for a brand and maximizes their investment.

Brands just beginning their digital transformation will benefit from the capability to leverage data insights that drive high-value behaviors at the right time and over the right channels. An integrated tech stack helps brands fit data together in real-time to create individual customer profiles that "show" marketers how and when to best engage their customers.

And as digital and mobile capabilities continue to proliferate, so do mature brands' opportunities to drive business by combining anonymous customer data along with their loyalty data to help make better decisions. Then, being able to automatically nurture occasional customers into loyalty program members and brand superfans through personalized customer lifecycle journeys.

Brands that move beyond just having data exist somewhere, to making it available with minimal or no reliance on IT have the power to build their marketing customer data proficiency. They'll be rewarded with actionable insights that drive better on- and off-premise loyalty experiences and increased frequency and spend.

In-Store

Payments

Curbside Pickup

Identity

Loyalty

Counter or Kiosk

Offers

Personalization

Online Ordering

On Mobile / InApp

Delivery

Deliver Next-Level Loyalty Through a Unified Commerce Platform

Brands find themselves in the challenging position of trying to create amazon.com type experiences for their concept, while at the same time keeping in-store operations going. The difficulty stems from how to accomplish this without becoming a tech company themselves.

Many brands work with 10 to 15 vendors to support front of house, back of house, marketing and loyalty operations, prompting 50% of CIOs to say that the top skills needed to support digital transformation are technology integration and implementation, according to a recent Deloitte Insights Global Technology Leadership Study.

Taking loyalty to the next level requires a technology solution that transcends omnichannel shopping to deliver cross-channel insights as well. A unified commerce platform can provide brands a centralized solution built on a single foundation with customer-facing and backend systems integrations designed for agility and scalability. Unified commerce consolidates all of a brand's channels, payment systems, products, and customer interactions to deliver a holistic, seamless customer experience.

Working in a unified commerce platform offers brands a way to:

☑ Reduce time and resources spent managing numerous providers

☑ Centralize online, mobile and POS payments to deliver consistent customer journeys

☑ Capture and consolidate customer interaction data across multiple touchpoints

☑ Develop a unified view of the customer and create personalized offers and experiences

☑ Track performance across channels and locations for more informed decision-making

Capitalize on Loyalty Investments to Create the Right Customer Experiences

An integrated loyalty solution in 2022 offers brands the best path to gain operational efficiencies, which will make the biggest impact for all their stakeholders.

Online, in-app or in-store ordering connected to a loyalty platform can deliver higher levels of personalization and offers that will save customers time and increase their satisfaction when purchasing. Along with contactless payments, delivery and pick-up, customers have the flexibility to interact with a brand how, when and where they want to, along with the ability to use rewards anywhere, anytime and on any device.

It also saves employees time by streamlining processes for taking and paying for food orders. A customized loyalty program also can help brands attract and retain staff by delivering perks such as providing rewards for activating customer program sign-ups or gift cards for reaching performance goals.

In the upcoming year, enterprise brands with better operations will be in a position to scale and increase profitability through mergers and acquisitions. They will also have the advantage to cross sell without

QUICK TIP

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needing co-location. Working from a loyalty platform gives brands a tech- based approach to cross selling and the opportunity to capitalize on cross brand synergies, unlike legacy programs of the past.

Brands that design the right customer experiences in 2022 through accelerated innovation still need a critical mass of consumers to adopt the trends. And that critical mass of consumers will always be centered on a brand's loyal customers.
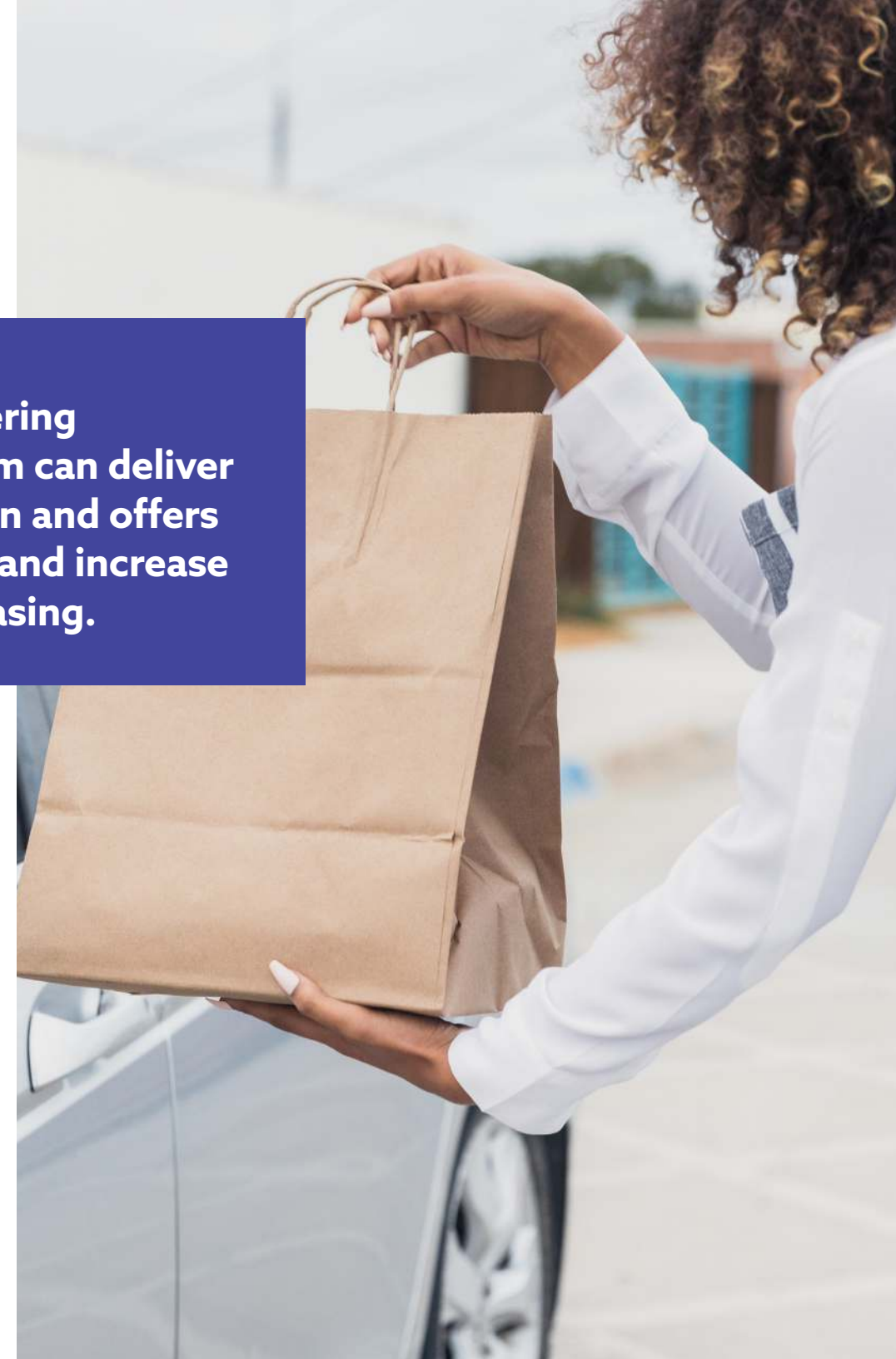
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About Punchh
Punchh is a leading loyalty, offers, and engagement platform for restaurants, groceries, retailers, and convenience stores. For over a decade, Punchh has helped the world's favorite brands create data-driven, modern loyalty experiences that empower physical retailers to turn anonymous buyers into brand superfans. Punchh solutions build meaningful relationships and dramatically increase customer lifetime value through AI-driven, one-to-one marketing campaigns and offers.

Contact Punchh to create the exact loyalty solution you need to engage customers 1:1 at scale.

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