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Your guide to consumer marketing

The Three 'R's to Successful Customer Loyalty

Bryan Pearson | *Promo*

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Every generation needs a new revolution, and loyalty marketers face a revolution of our own. We are at the crux of an historic moment—of financial, technological and social changes that are reshaping the entire industry. The challenges are daunting, the opportunities tantalizing, the keys to success not always clear.

While no single plan guarantees success, there is a simple formula that points us in the right direction. I call it The 3 R's.

- 1. The first R is obvious:Reward.** It's the tangible thank-you that you give people for changing their behavior and allowing you to gain insights into what they value as consumers—what is known as a "hard benefit."
- 2. The second R is Recognition.**In addition to issuing a hard loyalty currency, you recognize your valued customers with gestures that say, "We appreciate you for giving us your business"—perhaps complimentary upgrades, preferred booking status or front-of-the-line access to special events—what is known as a "soft benefit." Our "best customers" have a higher expectation of both recognition and reward, and they have come to expect to be acknowledged for their continued loyalty.
- 3. But the future of customer loyalty centers on the third R—Relevance.** As traditional channels of communication are increasingly splintered and sidelined by emerging mediums such as social media and mobile, connecting with the consumer has become an equally fragmented task. Consumers are inundated with information and competing messages. In this environment where people feel overwhelmed with information, you create engagement by connecting in ways that show people you understand who they are and what they care about. Being relevant carries its own rewards.



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The ability to sustain relevance will define the winners and losers in today's revolution, which is plagued by an "attention deficit" economy. A Colloquy study found that just 32% of U.S. consumers rated reward program communications as an eight or higher on a one to 10 scale for measuring relevancy to their personal needs. A pretty shocking statistic, which means that far too many of the mailings, emails and even Facebook messages we send to our loyalty reward program members are missing the mark.

So how can we do better?

In part, by listening to the heartbeat of our members. Such listening in the figurative sense has always been important in loyalty marketing, and we must continue to gather customer insights to dial up customer connections and ensure that our customers actually feel rewarded. By collecting information that people are happy to share and combining it with other data available to you through partners and elsewhere, we can interact with loyal customers in ways far more relevant to their interests and priorities.

Apply all that you've learned on the front lines of loyalty to gain richer customer insights and create more meaningful points of contact—not just through marketing communications, but in everything from retail signage to website interfaces. Similarly, sophisticated analytics and a commitment to deeply understanding shopping behaviors can drive pricing, assortment and merchandising decisions more relevance to high-value shoppers within the entire brand experience. But listening to the heartbeat of our members is taking a literal turn—a relevance revolution, if you will.

For example, we've found that wellness, sustainability and the desire to fulfill a meaningful existence are all keen motivators among consumers. Looking ahead, loyalty programs can be a valuable tool to encourage consumers to make responsible choices that benefit themselves, the earth and the community. And by expanding into new areas of member relevance in such sectors such as government, health care and non-profits, loyalty can avail itself to a wider market while driving social consciousness.

Partnerships in such non-traditional industries expose companies to massive membership groups that were unreachable a few years ago, but thanks to emerging database technologies, are accessible now. And reaching consumers in a meaningful way today entails expansion into these non-traditional industries and into the public conscience, engaging customers in strategies that address their immediate challenges while resonating with their larger ambitions and concerns.

As loyalty marketers, we must move forward, navigating our industry from evolution to revolution, guided by The 3 R's.

As abolitionist Wendell Phillips said, "Revolutions never go backward."

Bryan Pearson is president of LoyaltyOne and a Colloquy contributing editor.

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