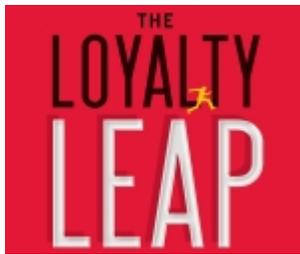


# RETAIL CUSTOMER EXPERIENCE

## Q&A with Bryan Pearson, author of 'The Loyalty Leap'

Bryan Pearson is the president and CEO of LoyaltyOne, and the author of the new book "The Loyalty Leap: Turning Customer Information into Customer Intimacy." He's also a recent addition to the Retail ...

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*Bryan Pearson is the president and CEO of LoyaltyOne, and the author of the new book "The Loyalty Leap: Turning Customer Information into Customer Intimacy." He's also a recent addition to the **Retail Customer Experience family of bloggers**. The following Q&A touches on many of the points raised in his book.*

### **What is the one thing that a retail loyalty program must deliver on to survive (if you had to choose just one)?**

That's easy. In order to thrive, a loyalty program needs to be relevant to its members. This goes beyond merely rewarding points and delivering promotions. The entire loyalty program experience, from sign-up to communications to the rewards delivered, has to be relevant to what the consumer wants and values. Communications should include meaningful messages and arrive through the channels she prefers, at times that resonate with her schedule and life stage. Don't send a consumer who switched down in clothes size coupons for a brand that runs rather large. Use the data to understand what is important to her today and to determine her aspirations for tomorrow.

### **How do you answer critics who equate data-usage marketing with Big Brother watching or spying and the question around privacy?**

First, I'd agree that there have been oversights and missteps by some marketers, but those well-publicized indiscretions do not represent the majority. In fact, most consumers willingly share their information with corporations that use data responsibly and with the intent of creating mutual value. That's the critical point — creating mutual value. Marketers first need to be completely transparent about what information they collect and why they collect it. They should gather only the data they need, and use the data they collect. Then, they are obligated to deliver the consumer something of equal or greater value in return for that data. Something relevant. And all along, marketers need to guard that data like it is a company secret.

**What are among the most prevalent mistakes made in loyalty marketing today?**

Generally, I'd say it is in not knowing what to do with the data they collect. Loyalty programs today are nearly ubiquitous, but I'd wager only a small percentage of loyalty plan operators know how to use the data in a way that helps them really understand and benefit their customers. The data can yield information that illustrates the consumer's values, personal preferences, life stage and even sports preferences. Yet our research shows that 74 percent of U.S. consumers feel they receive no benefit from sharing their personal information with marketers.

**What is your idea of a good lifecycle strategy – are welcome, renewal, birthday acknowledgments enough anymore?**

The old standards of welcome, renewal and birthday are still good, but they have become so common that they don't really serve to distinguish the program. They don't take advantage of the data in a way that will surprise and delight the consumer. Imagine how pleasantly surprised you'd be if you just bought several books on baby care and then received a coupon for a free baby toy? That said, life cycle events don't necessarily have to be huge, like a new baby or home. Trigger messaging is a great way to respond to even small, recent activities — like identifying a customer who is looking up restaurant reviews in a certain city and then sending him an offer for a nearby restaurant with better ratings.

**With the number of communications members are bombarded with (specifically from other loyalty programs), how can you differentiate yourself?**

To be successful, an organization needs to address both content and context. First, let's look at content. You can start by segmenting customers based on purchase patterns and behavioral motivations — what the consumer has responded to before — and then creating messaging for each. This helps to determine who to target, how to reach them and what to offer. Don't send the same offer to everyone — there's nothing personal and therefore meaningful in that. For example, say my wife and I were both invited to a special shopping event at a sporting goods store this weekend, but my message promoted power-wicking workout clothing while my wife's featured yoga apparel. It's the same store, and the same household, but segmented messaging designed to appeal to what is important to each of us.

The key to enhancing the content of your communications is context — the environment in which an offer is extended. You can take the same offer and place it in a contextually aware environment and double the response rates. Simply changing the visual elements around the offer to reflect important characteristics such as life stage (families vs. seniors, sports enthusiast vs. hobbyist), you build a greater willingness from the consumer to engage in the details of the material and fully appreciate the value of the offer being presented.

**What companies/programs are effectively showing customers how their data exchange is going to benefit them (i.e. showing the value exchange up front)?**

I mention many great examples in my book, *The Loyalty Leap*. But among those that immediately come to mind are GameStop's PowerUp Rewards, for its very creative approach in communicating rewards that are of particular value to its members, such as tickets to the Comic-Con Convention. Neiman Marcus's InCircle rewards program offers its members a feeling of luxury, with complimentary in-store alterations, dining, parking, fur storage and delivery from Neiman Marcus or Bergdorf Goodman. And we at LoyaltyOne personally worked with grocers across the country to create one-to-one direct mail pieces that offer promotions of highly personalized value, based on members' specific purchasing behavior. Of every million pieces that are mailed, 987,000 of them are unique.