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New Research: What Executives and Users *Really* Think of Loyalty

Tom Byrnes, SVP Marketing PayiQ

LOYALTY OVERVIEW

Reward/loyalty programs are designed to strengthen the bond and increase engagement between a business and its customers.

Customers like to receive perks for their patronage.

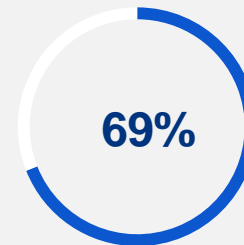


84% are enrolled in a loyalty program.

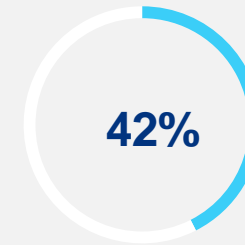


On average, loyalty program users enroll in 5

But customers aren't afraid of leaving a program that doesn't fit their needs.



69% have left or become inactive because the program wasn't valuable to them.



42% will leave if they are not rewarded quickly enough.

THE INVESTMENT CONUNDRUM

- Companies recognize the importance of loyalty programs and allocate an average of **10% of their company budget** to them.
- That's a significant spend, but from a fiscal and operational perspective it makes total sense.

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It's **9 to 11 times** more expensive to recruit a new customer than retain an existing one.



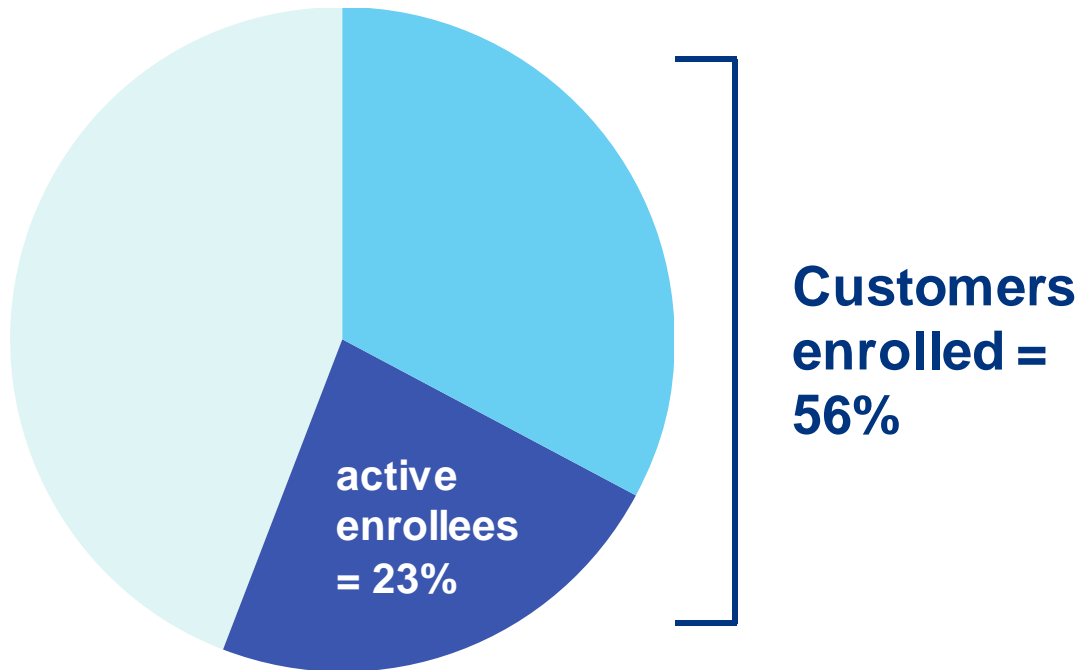
A boost of even **7%** in loyalty can increase lifetime profits per visitor by **85%**.



An increase of **3%** engagement is comparable to a **10%** OPEX cost reduction.

BOTTOM LINE ON LOYALTY

Loyalty is expensive and works, but it also has limitations:

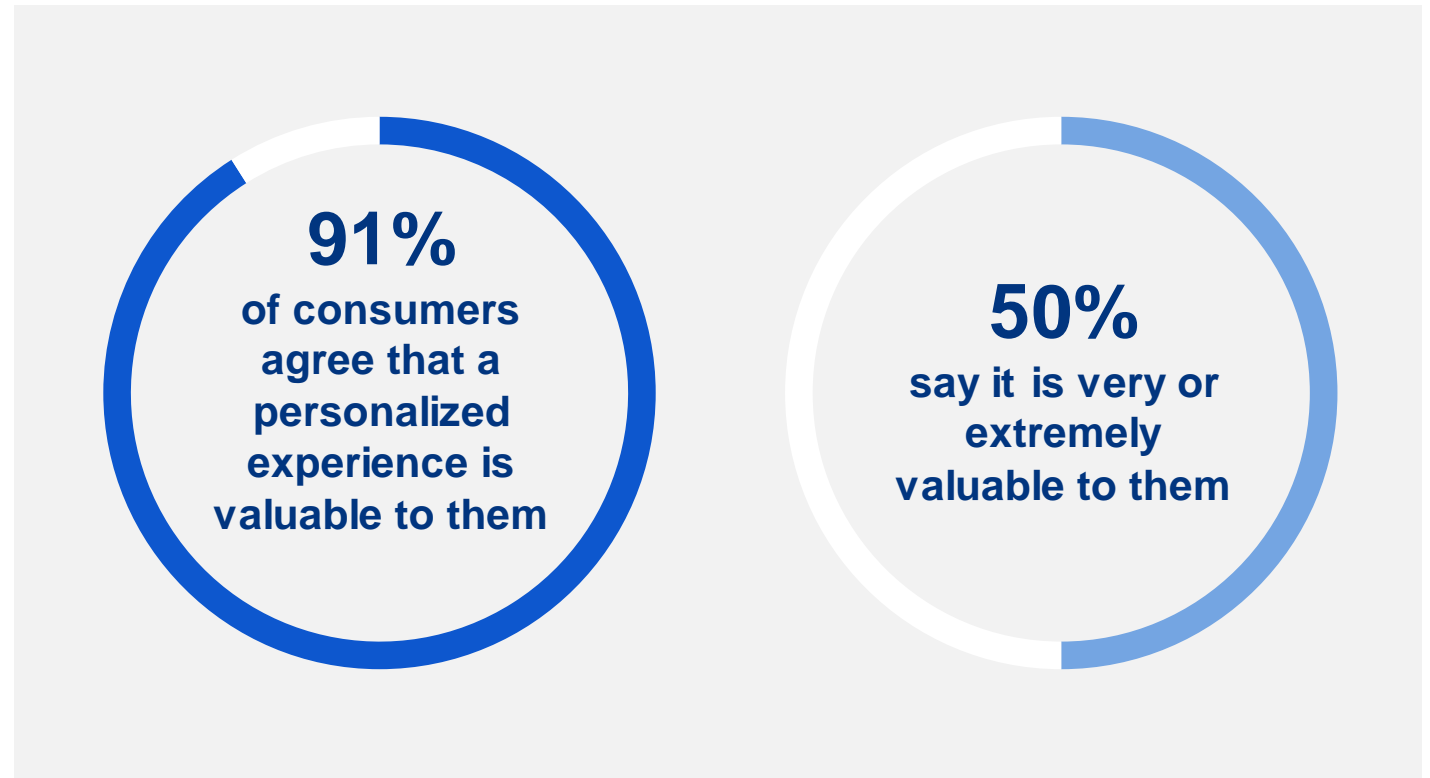


Blind Spot: Even in a high performing loyalty program, you're not getting data and insights on 75% of your total customer base.

Bottom Line: To maximize ROI and increase customer engagement levels, businesses must modernize their loyalty programs to keep up with customer's evolving expectations.

CHANGING CUSTOMER EXPECTATIONS

- Customers have become keenly aware of their value in the marketplace.
- The last few years of shopping online have subtly shaped consumer expectations because digitally native merchants can continually personalize the shopping experience based on past shopping behavior data.
- The result: Most shoppers now seek rewards that are relevant to them versus a “one-size-fits-all” offering that may/may not resonate with them.



A CLOSER LOOK

Customers overwhelmingly prefer rewards that accrue based on their own behaviors. They want rewards tailored to their spending habits.

Cashback on purchases:

67%

Free products after a certain number of points/purchases:

53%

Free products after a certain amount of time:

40%

Rewards that can be applied store-wide (e.g., discount rates):

43%

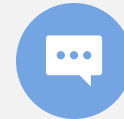
UNDERSTANDING WHERE CUSTOMERS WANT THEIR LOYALTY OFFERS

Building loyalty engagement means putting your offers where customers want them.

Loyalty Offer Communication Preferences:



Email: **66%**



Push notification in apps: **23%**



Text messages: **42%**



Physical coupon: **21%**



Receipt: **27%**



Social media: **16%**

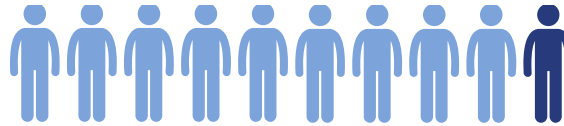


Physical mail: **24%**

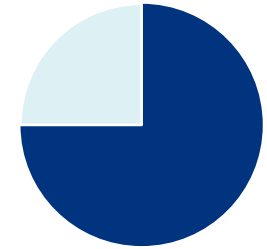
THE EXECUTIVE'S POINT OF VIEW



42% of executives say their current programs are limited by an inability to convey the value of rewards.

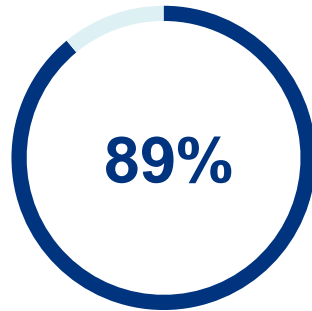


Nearly **9 in 10 executives** are concerned their company will lose loyalty members if it doesn't provide a personalized experience.

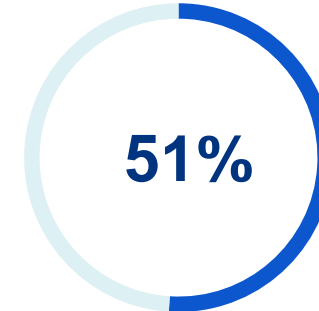


The fear is well-founded: **More than 75%** of these executives say that customers have left their loyalty programs because they weren't seen as valuable, weren't personalized, or not relevant.

TECHNOLOGY LIMITATIONS ABOUND



Nearly **9 in 10 (89%) executives** with a loyalty program are concerned with their current technologies.



Most **business executives (51%)** report that their program's inability to personalize rewards is limiting active customer growth.

This technology gap is preventing companies from providing the best experience for their customers.

CUSTOMERS WANT TO SHARE THEIR DATA, BUT BUSINESSES CAN'T CAPTURE IT

- A whopping 71% of customers would share their persona information with a loyalty program to get a more personalized experience
- But executives seeking to create a true omnichannel environment are unable to capture the data they need because online channels offer better tracking and more consistent data than brick-and-mortar environments
- Even the 23% of customers actively using loyalty programs aren't totally consistent with their use



THE FAILURE OF TECHNOLOGY TO PROVIDE A TRUE OMNICHANNEL EXPERIENCE



This paints a fuzzy picture of the customer that falls short of the consistent 1st-party data needed for personalization. And further exaggerates the imbalance between online and offline data.

SUMMARY: THE STATE OF OMNICHANNEL LOYALTY

1. While **56%** of customers may enroll in loyalty, only **23%** are actively using the program
2. Businesses are spending **10%** of their company budget trying to extract value from a loyalty program
3. But many customers don't engage because **91%** want a personalized loyalty experience
4. In fact, **71%** of customers would part with their data for a personalized experience
5. Despite this opportunity, **89%** of executives don't believe their current technologies can meet personalization demands due to an inability to capture customer data
6. Executives would love consistent 1st-party omnichannel data, but the best many can do is stitch together 3rd-party data sources
7. This creates an environment where in-store technologies lag far behind online systems

SUMMARY: THE STATE OF OMNICHANNEL LOYALTY

The Holy Grail in retail, which has been unobtainable, is personalization at scale through customer data and the development of a digital identity to create a true omnichannel environment.

– Jeni Mundy, VISA, Global SVP of Merchant Acquiring

Thank you.

Tom Byrnes
tom.byrnes@quisitive.com

