Maximizing Loyalty ROI with Everyday Payments Data

PayiQ

PROCESSING INNOVATION

Payments Intelligence® for Retail Stores

The benefits of a successful loyalty program are numerous—improved customer retention, more money spent per visit, increased frequency of visits, and so much more. That's why retailers allocate an average of 10% of their company's budget to customer loyalty programs according to a recent national independent research study of consumers and executives conducted by Wakefield Research.

Despite this outlay of cash, these retail stores report that only 23% of their customers are active loyalty users. Additionally, 51% report that their program's inability to personalize rewards is limiting active customer enrollment growth.

The challenges of expanding reach and personalizing customer engagement are significant barriers to loyalty ROI. We'll examine these barriers more closely by analyzing data gathered as part of the aforementioned study done by Wakefield research. We'll then discuss an innovative new technology that not only overcomes these challenges but also enables you to roll out a personalized loyalty program to 100% of your card-paying customers at the snap of your fingers.

Why It's So Hard to Get More Loyalty Users

When you consider that 84% of consumers are enrolled in an average of five loyalty programs across merchants, it might seem like boosting your loyalty program participation would be easy. As any retail owner with a loyalty program knows, this is just not the case.

One of the major reasons for loyalty attrition is that customers are not afraid to leave loyalty programs at the drop of a hat. A full 69% of loyalty users have left or become inactive because the program wasn't perceived as being valuable to them, while 49% say they will leave if they're not rewarded quickly enough.

Customers want to see immediate value from the loyalty programs they use. But the value they've come to expect isn't a one-size-fits-all offer, it's the kind of personalization offered by big data businesses like Amazon.

The Personalization Problem

A full 91% of consumers somewhat value a personalized customer loyalty program, with 50% of them saying it's very or extremely valuable. Executives realize this is a crucial point and 87% of them are concerned their company will lose program members if they don't provide a personalized experience. In fact, 33% say they have already lost members due to a lack of personalized rewards or rewards that weren't relevant.

Executives realize they need personalized loyalty offers, so why don't they fix the system? It's simple: because they can't. A whopping 89% of executives are concerned that their current technologies, platforms, or databases are not providing the tools they need, with 51% reporting that their loyalty program cannot offer personalized rewards.

And technology performance is just part of the problem they face. At the very bottom of the personalization challenge is one thing: a lack of real-time actionable data.

The Real-Time Data Dream

Retail stores are often brick-and-mortar operations that need the kind of first-party data Amazon routinely gathers in its digital marketplace. The Wakefield study found that 63% of executives say they are relying on first-party data more now than two years ago, but accessing this data is a real conundrum.

For many retailers, their loyalty program is the best way to collect customer behavior and product preference data. But to deliver personalized experiences to a greater number of customers, they need a bigger slice of first-party data. That's why 49% of businesses are relying on third-party data sources to augment what their loyalty programs are currently delivering.

This third-party data when combined with a limited sample of first-party data creates a fuzzy image of the consumer that serves as an unreliable basis for personalization. Offers based on fuzzy profiles often fail to deliver the loyalty experience customers expect because they rely on incomplete and sometimes incorrect data points.

Like other merchants seeking to provide an optimal customer experience, retail owners increasingly want to access a consistent stream of secure first-party data in real-time. But given the back-office issues outlined above, this seems like a pipe dream in the current landscape. That's where a new, disruptive loyalty technology enters the picture: personalized customer engagement based on everyday transaction data from credit and debit cards.

The Power of Secure Card-Based Technology

Every time a customer swipes their card in your store, there's an opportunity for you to obtain a lot of valuable first-party data. Historically, businesses attempted to capture that data by inviting customers to sign up for a loyalty program to start building a profile around an identifier such as an email address or phone number.

But what if you could build a profile around the card being swiped and you didn't have to obtain your customer's email or phone number? What if you could securely access the buying preferences of a majority of previously anonymous customers who never joined your loyalty program? That's where the disruptive value of card-based loyalty technology such as PayiQ's Payments Intelligence® enters the picture.

When a customer swipes their card into any terminal across your chain, that card is instantly captured and converted into a secure token that obscures the card number. The secure card token becomes the basis for creating a customer profile.

Since 90% of consumers use only one card for all their purchases, that means you could turbocharge your loyalty program with a technology that captures all card-based consumer transactions with no extra effort from customers or employees—happening seamlessly in the background.

What Transaction Data Can Mean for Your Retail Store

The benefits of obtaining this kind of transaction data are staggering. It's secure and consistent first-party data—not a jumble of first- and third-party data sources that combine to produce a "fuzzy" profile. This data opens the door to deep customer segmentation, precise targeting of offers, and granular tracking of consumer purchase and reward behaviors.

This is all supported by a secure token that gives consumers the privacy they expect while giving you the insight you need to tailor your loyalty program to their personal wants. And you can do all this at the exact moment it matters most: at the time of the transaction.

This new Payments Intelligence® technology allows you to build rules-based systems that can segment and offer personalized loyalty rewards based on an individual's behavior. For example, you could offer

someone a 20% off coupon for one particular item if the system notices they've purchased this particular item consistently. Beyond surprising and delighting them while they are still in your retail store, this gives the customer the sense that your loyalty program is tailored to their personal expectations.

Starting Small and Building Bigger

Many retailers have credit card data but haven't had the technology to securely access, organize, and leverage it into action. Oftentimes the first step towards real-time data is to convert a batch of their current data into actionable insights leveraging card-based technology.

Once the benefits of this technology are seen on a smaller scale, the sky's the limit. Ultimately, retail stores could have a system of real-time data up and running that allows them to offer a deeply personalized service to their customers.

When you consider the fact that 71% of customers would share their personal information with a loyalty program if it meant getting a more personalized experience, the value of building a card-based loyalty system becomes obvious.

Your marketing team, customer engagement team, and consumer researchers will have mountains of actionable data. And your customers will be more satisfied with their shopping experience. All of which translates into superior loyalty ROI for your retail stores.

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To learn more about how Payments Intelligence® can engage 100% of your card-paying customers and turbocharge your loyalty program, please visit www.pay-iq.com

The Power of Personalization on Loyalty

Business executives understand that reward and **loyalty programs strengthen the bond and increase the value** of relationships between the brand and its customers
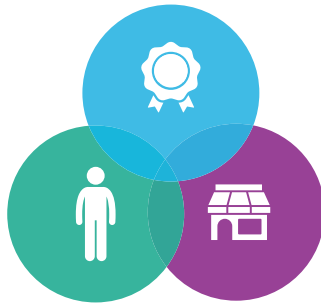
As a result, they invest. Those with loyalty programs allocate an average of **10% of their company budget** to these programs

Yet many businesses are struggling to create a meaningful connection with their customers.
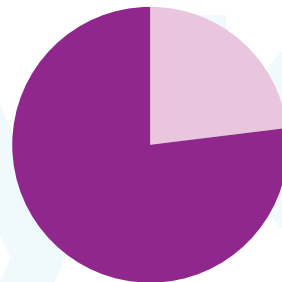
What do consumers value?

91% of consumers **somewhat value** a personalized customer loyalty program

50% of consumers find a personalized customer loyalty program **very** valuable

Nearly **87% of executives** are concerned their company will lose loyalty members if they don't provide a personalized experience

33% of executives say customers have left because rewards weren't seen as valuable, personalized or relevant

About PayiQ:

PayiQ, a Quisitive company, is an innovative payment processing and Payments Intelligence® platform and data insights company whose solutions are designed to optimize a merchant's consumer engagement operations. The company's patented Payments Intelligence® solution captures and analyzes rich data from every card-based transaction in every channel. We transform everyday payment data into customer engagement by empowering a merchant's ability to deliver personalized promotions based on previous buying behaviors and category preferences to shoppers at the point of purchase in real time. PayiQ's Payments Intelligence® dramatically increases a merchant's customer engagement, loyalty, and revenue.