LOYALTY MARKETING
Data Fuels Personalization Strategies and Better User Experiences

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Dear eMarketer Reader,

eMarketer is pleased to make this report, **Loyalty Marketing: Data Fuels Personalization Strategies and Better User Experiences,** available to our readers.

This report is a great example of eMarketer data and insights that explores how brands are leveraging data and consumer behaviors to enhance loyalty programs and increase engagement.

We invite you to learn more about **eMarketer's approach to research** and why we are considered the industry standard by the world's leading brands, media companies and agencies.

We thank you for your interest in our report and **Lexer** for making it possible to offer it to you today.

Best Regards,

Nancy Taffera-Santos

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LOYALTY MARKETING: DATA FUELS PERSONALIZATION STRATEGIES AND BETTER USER EXPERIENCES

Lured by an immediate discount and the promise of future rewards, consumers hand over basic personal information such as email addresses and income levels to retailers, restaurants, hotels and airlines when they join loyalty programs. But too often that doesn't translate to a long-term relationship.

- Successful loyalty programs use the opportunity to collect first-party data to better understand how to engage with customers and deliver relevant experiences. According to experts who spoke with eMarketer, these are the three tactics that should be employed when structuring a loyalty program:

- **Personalization.** Using data to get a deep understanding of loyalty members, going beyond demographic profiles and buying preferences to learn what content in messaging will best engage members.

- **Customer experience.** Using data to guide the brand as it tracks the consumer journey, so a marketer can anticipate which benefits members will most likely engage with after the initial sign-up.

- **Omnichannel.** Learning through interactions from members how they access the loyalty program and ensure that the program functions across multiple channels, both online and off.

WHAT'S IN THIS REPORT? This report looks at how brands are leveraging data and consumer behaviors to enhance loyalty programs and increase engagement. It also gives examples of marketers successfully using personalization, customer experience and omnichannel tactics.

Consumers in Europe, Latin America and North America Who Are Satisfied with Their Loyalty Program Membership, by Category, Jan 2018
% of respondents

Category	%
Grocery	50%
Credit cards	48%
Dining	48%
Gas	47%
Hotel	47%
Specialty retail	44%
Drugstore	44%
Car rental	43%
Consumer packaged goods	42%
Movies	40%
Apparel	38%
Airline	36%

Note: ages 18+
Source: Bond Brand Loyalty, "The Loyalty Report 2018" in partnership with Visa, March 19, 2018
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KEY STAT: A January 2018 Bond Brand Loyalty survey found that across most industries, less than half of loyalty program members are satisfied with their programs.

CONTENTS

LOYALTY SIGN-UP: THE START OF A BEAUTIFUL RELATIONSHIP? NOT ALWAYS

Loyalty programs can be a great tool to gather first-party data, understand what motivates your customers and create personalized experiences. But too many marketers are not taking advantage of the opportunities presented by their loyalty programs, discouraged by failures to engage and sustain relationships after the sign-up.

"Those monetary means of enticing a customer to a brand for the first time do good work up front in the relationship," said Scott Robinson, vice president of design and strategy at Bond Brand Loyalty, a customer engagement agency. "But those aren't the things that sustain engagement over time, and brands are starting to realize that."

Loyalty programs aren't even that great at enticing customers to be loyal. Just 36% of loyalty program members would patronize stores where they could earn rewards more frequently than other places, according to research from loyalty programs company Excentus. Only 21% of respondents said they scheduled their shopping to take advantage of reward-related promotions, and slightly more said a rewards program did not influence where they shopped. Just 16% said a rewards offer would motivate them to switch to a different brand or store.

Ways in Which Membership in a Rewards Program Influences US Internet Users' Shopping Behavior/Decisions, by Demographic, Nov 2017
% of respondents in each group

	Gender		Age			Total
	Female	**Male**	**18-34**	**35-54**	**55+**	
Tend to shop more frequently at stores where I can earn rewards	41%	31%	43%	37%	31%	36%
Schedule my shopping to take advantage of rewards-related specials and promotions	23%	19%	24%	21%	19%	21%
Tend to shop at stores where I can earn retailer rewards and rewards that help me save on fuel	20%	20%	19%	23%	18%	20%
Tend to shop only at stores where I can earn rewards	14%	19%	19%	17%	13%	16%
Will switch brands or shop at a different store if I can earn more valuable rewards or save more money	14%	17%	22%	17%	9%	16%
Link my rewards program to my credit card so that all of my eligible purchases automatically earn rewards	13%	16%	16%	13%	16%	15%
Will spend more money or buy more than I originally planned if I can earn more rewards or save more money	13%	15%	24%	13%	5%	14%
Wait for members-only promotions that help me earn more rewards or save more money	13%	12%	13%	14%	9%	12%
None of the above	15%	16%	8%	16%	20%	15%
A rewards program does not influence where I shop	20%	24%	22%	18%	26%	22%

Note: n=1,086
Source: Excentus, "The Road to Rewards 2017: Loyalty in the Fast Lane" conducted by Ipsos, March 12, 2018

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"The biggest challenge we see with loyalty programs is that there are so many options—loyalty has become less loyal," said Rachel Bicking, senior vice president of data and analytics at Connexions Loyalty, a loyalty marketing support firm.

A loyalty program that works, however, can offer marketers a chance to reap their own rewards and lead to better customer relationships if the right data is being captured and then employed to deliver relevant offers and messages.

"It's all about the data," said Don Yee, senior consultant at ecommerce consultancy FitForCommerce. "One of the primary reasons to have a loyalty program is it provides a means for the brand to collect data on customers. The more customers who sign up for a loyalty program, the more opportunities you have to grow your business.

"You need to understand the customer to deliver the value they expect, and make sure that the rewards they receive are relevant to them," Yee said, adding that if that's not happening, there's no engagement, and no loyalty.

Another challenge: Consumers now expect companies they have a relationship with to tailor experiences to them.

"Being an identifiable customer is the new norm," said Sean Claessen, executive vice president of strategy and innovation at Bond Brand Loyalty. "If Starbucks teaches me that I don't have to wait in line for a $3.50 purchase, if Uber teaches me that I don't wait outside in the rain for a cab, then I now have that expectation in many aspects of my life. Brands are increasingly realizing they can do a better job for their better customers if they can identify them, can change the experience for them and personalize in ways that better suit the consumer."

Marketing and industry experts interviewed for this report continually came back to three key tactics to use to structure an effective loyalty program: personalization, customer experience and omnichannel.

PERSONALIZATION

A loyalty program is a symbiotic relationship: The customer gives the brand valuable information with the expectation they will get something of value in return. To deliver, brands need to continually collect data on how the consumer responds to offers and when they buy or engage with the brand.

Brands face two challenges in this process. First, they must be able to cultivate a feedback loop where messages, offers and the like encourage a response. Second, brands have to sort through the data received via those responses to begin to understand consumers' preferences.

"How you approach a consumer depends on a lot of different variables," said Don Black, director of product management at global information services provider Neustar. "How they engage with the brand from the initial sign-up process—the reason they opt in, the products they express interest in, how they found the initial offer from the brand, contact information—those are all different pieces of information a brand can gather."

But that's just the beginning. Brands will then work to segment loyalty members. Companies such as Neustar work with brands to create "clusters"—groupings of customers based on identifying elements such as lifestyle, life stage or purchase history. The clusters allow marketers to begin tailoring relevant messages.

For example, loyalty program members from a particular cluster will go to the brand's website, where they will be shown an offer specific to that cluster. "If they initially responded to a discount offer, that's what you show them when they come to the site," said Lori Walker, Neustar's senior manager of product management. "You know that's what they respond to."

It builds from there, according to Walker, as subsequent interactions reveal more information such as device preferences, time of day they are most engaged and the wording that is most effective. The customer's response reveals more information, and the clusters are segmented further.

These are just the beginning stages of creating engagement. "You are isolating their experiences, then applying that learning against the long tail of consumers who will become enthusiastic brand loyalists," said Diane Kegley, CMO at customer relationship management software company Proof Analytics.

Some of those strategies are used regularly by retailers, while others are proving more challenging, according to a survey of retail marketers in North America and the UK by ecommerce software company Monetate. Among the personalization strategies used by a majority of respondents were ad retargeting based on the user's website activity, emails sent based on behaviors such as shopping cart abandonment, and utilization of demographic or browsing history to determine how to create more personal touchpoints.

Implementation of Select Personalization Tactics According to Senior Retail Marketers in North America and the UK, Oct 2017
% of respondents

	Active	Plan to implement within 12 months	No plans to implement
Ad retargeting based on site activity	76%	13%	11%
Triggered emails (abandoned cart, browse)	75%	16%	10%
Online targeting to alter digital experiences based on demographic, technographic or other static attributes	73%	19%	8%
Offline analytics to determine target audience propensity	72%	19%	9%
Online targeting to alter digital experiences based on behavioral attributes (such as past purchase or browse history)	71%	23%	6%
Digital agility tool—JavaScript layer	70%	18%	11%
Product recommendation engine (determine which individuals see which products)	65%	24%	11%
A/B or MVT testing	47%	40%	13%
In-store or customer service clienteling tied to digital channel behavior	46%	42%	12%
Email experience engine (determine which individuals get which emails, when)	44%	41%	15%
Real-time chat	41%	35%	24%
Web experience engine (determine which individuals see which content)	39%	45%	16%
Dynamic content/promotion generator (software that automatically changes content or promotion based on individual)	38%	50%	12%
Lookalike advertising engine	31%	45%	24%

Source: Monetate, "2nd Annual Personalization Development Study" in partnership with WBR Insights, Dec 8, 2017
234552 www.**eMarketer**.com

But as the clusters continue to segment, going from the audience to the individual, determining the correct email message for the individual customer or creating dynamic content based on individual preferences becomes less likely: The percentage of those saying they are actively using such strategies declined to below 50%.

Clearly, it's a challenge to continually engage consumers and refresh the data. But if brands get it right, they can reap their own rewards. "Trust can start early on in the relationship, but you can't ask for too much information too soon," said Guy Cierzan, executive vice president and managing director at customer experience agency ICF Olson. "You build the foundation, you collect behavioral and self-reported data, and soon enough you have a rich data set to work with, to drive incremental behavior. All the while, you're banking on the trust and reciprocity that a loyalty program can provide."

That constant drip of data collection is critical, according to Devon DeBlasio, senior manager of product marketing at Neustar. "It's important for brands to see this picture not just as a static moment, but to use [the interactions] to create a customer journey, figure out where they are on that journey, connecting both the offline and online identifiers to build a single picture of that customer," he said.

Spotlight on Personalization

Program name: Hilton Honors

Industry: Travel

Membership: 71 million

The lack of participation in loyalty programs is a challenge for brands, said Mark Weinstein, senior vice president and global head of customer engagement, loyalty and partnerships at hotel chain Hilton. But the opportunity lies in finding how to be relevant even to those infrequent customers.

Hilton has a huge number of Hilton Honors members— 71 million—ranging from the business traveler who books weekly to the infrequent guest who travels just once every couple of years. Hilton looks at its loyalty program as the starting point toward creating a memorable experience for every consumer that interacts with the brand.

The personal touch. "Our job with Hilton Honors is not to create demand for travel; it's to make sure that we're creating meaningful reasons to consolidate your travel with us," Weinstein said. "We have transformed Hilton Honors from a frequent guest program to a club for all of our travelers. It's how we are connecting with every single one of our guests, to make sure we can deliver a more personalized, relevant experience."

The mobile app is the key to the program, he added. "It's the connection point to both learn about what the customer wants and then be able to deliver those services based on what we've learned."

For new or less frequent customers, choices made throughout the booking process help the hotel chain recommend relevant offers, he said. For regular visitors, "we will start to gain a life cycle view. They tell us their room preferences, we know where they want to go, what they want to see and do." Personalization doesn't necessarily mean predicting every choice a customer might want, he noted, but "serving up the right curated choices."

The challenge of so much data. "We have to make sure we've got not just the data, but the insights," Weinstein said. "And once we have the insights, we need to know what we're going to do with it. We can get very academic about the data, thinking it would be great to know X, but in the end, you need to ask, 'What would we do differently with that information? What's the marketing execution, the practical implication?'"

One practical implication is being rolled out: The Connected Room is a feature that will personalize a traveler's stay based on previous visits to a Hilton hotel. Travelers can set preferences such as room temperature and favorite TV channels in the mobile app, and then use their devices to control these fixtures once they are in the room.

The virtual concierge. "The data is just a very sophisticated version of the business we've always been in," Weinstein said. "Think about the concierge: Their job has always been to get to know the guest and make recommendations. The tools are changing, allowing us to scale, but the reality is, it's the business we've been in for 100 years. We're just doing it in a different way."

CUSTOMER EXPERIENCE

The more a brand knows about its loyalty members, the better it can determine what benefits of the program are most important to its customers. As the connection to each consumer deepens, the experiences a brand can offer are more relevant.

Consumers weigh a number of considerations when making a purchase or committing to a service provider, cost among them. But what keeps a customer coming back—what engenders loyalty—goes beyond price.

A September 2017 Capgemini survey asked consumers who identified as highly engaged with a brand what they expect from shopping experiences. Not surprisingly, about three-quarters of respondents said they expected to receive a shopping experience that went beyond what someone who was not invested in the brand would receive.

While a "good customer experience" for one consumer likely means something completely different to another, the response to the Capgemini survey speaks to consumers' assumption that a brand understands, and meets, their expectations.

Another issue for consumers is the complicated, opaque nature of many loyalty programs. A February 2018 poll of US loyalty program members by CodeBroker found an array of consumer complaints, with an inability to use, find and access rewards chief among them.

Leading Complaints About Loyalty Programs According to US Loyalty Program Members, Feb 2018
% of respondents

My rewards expired before I could use them	31%
Don't know when I have rewards available	23%
Carrying the card	14%
It's hard to access my rewards information	13%

Note: ages 18-65; top 4 complaints shown
Source: CodeBroker, "2018 Loyalty Program Consumer Survey," March 21, 2018

"A lot of programs are cumbersome in how they interact with customers," said Mir Aamir, president and CEO of Quotient Technology, a firm that works with brands to create digital promotions.

Aamir said that conversations with brand clients center on "creating frictionless programs. A big barrier [to participation] is having too many clicks in order to redeem, to save or even to look for your points."

While the gamification aspect of a rewards program can motivate a consumer to accumulate points, those points are useless if the end result is frustration. "The less friction you can create, the more apt people are to continue using a program," he said.

In the end, the targeted offers, the discounts and the rewards are not worthwhile if the program does not make life easier, according to Kegley. "Each engagement with a brand is about creating value, and that's the greatest exchange," she said. "If you're making me jump through hurdles in exchange for my data, I'm not coming back."

AN INDIVIDUAL EXPERIENCE

The innovation in loyalty programs will be around the quality of experiences members are offered, according to Cierzan. "Being able to leverage the data so that an individual experience—or what feels like an individual experience—can be delivered is pretty powerful," he said.

Each interaction between brand and consumer will create opportunities for better experiences, noted Michaela Baxter, senior director of loyalty at digital marketing firm HelloWorld. "How you can make it easier and more seamless for the customer is really where personalization is headed," she said. "We're starting to talk to [our clients] about using technologies to predict behaviors to deliver relevance—meaningful content and rewards so that customers stay engaged with the brand. It's about adapting your messaging and your offers quickly to adjust to the new information that you have on an individual."

"Adapt" and "quickly" are challenges for brands, according to Assaf Baciu, co-founder and senior vice president of product and engineering at Persado, a marketing firm that uses AI-generated language to help brands better target consumers.

"There are an infinite number of ways to speak with a group of people," he said. "The data finds the best way to speak to them. But it can take 50, 60 or 70 interactions to get to this point."

The interactions need to be continual so that the brand learns a little bit more about the consumer with each one. With enough interactions, Baciu said, a retailer can get to the point where "it knows that for one customer, the message is 'this is the dress you need to turn heads.' While for another, the more on target message is 'reinvent yourself.'"

First-party data is critical, but third-party data adds another layer of understanding, according to Bicking. "Tapping into third-party data gives more insight into why a customer made the decision they did to make a purchase," she said.

Bicking gave the example of two people with similar demographic profiles booking the same Las Vegas hotel for entirely different reasons. Understanding the motivations of each consumer gives marketers insight into how they will approach the loyalty member going forward. In one case, a sports event taking place that weekend drew one of the travelers to Las Vegas. Based on past bookings, that interest could be inferred.

"[Ultimately,] we are driving behavioral and contextual data that provides more insight and direction. And this kind of data is only relevant in the moment, so it must be constantly refreshed," she said.

Spotlight on Customer Experience

Program name: DD Perks

Industry: Quick-service restaurants

Membership: 8 million

Since the launch of its mobile loyalty reward program in 2014, Dunkin' Donuts has made a number of changes aimed at improving the customer experience, according to Sherrill Kaplan, vice president of digital marketing and innovation at Dunkin' Brands.

"We're constantly looking at consumer sentiment and adjusting our digital products and platforms accordingly," she said. "We have the good fortune of being a brand with incredibly high frequency—we have guests who come in once or twice a day, three or four times a week. That gives Dunkin' the ability to quickly learn about consumer preferences and create targeting opportunities."

The experience evolves. When DD Perks launched, the value proposition centered on consumers receiving a free beverage for every 200 points earned. "We were able to leverage the platform to incentivize behavior across visitation," she said, offering bonus points for trying new products, or coming in more often.

"Eventually, earning points was table stakes," she added. "So we looked at how we could offer a differentiated experience for members. Only Perks members can order in advance and skip the line when walking into a Dunkin'. They can order from their couch the night before. They can save their favorite drinks to their app and receive offers geared directly toward them. We are thinking about how different consumers use the app, and then how we can differentiate their experiences. That is going to be our main focus going forward."

Removing barriers to participation. Dunkin' is performing internal testing for a "tender agnostic" payment option. "One reason people don't sign up for the loyalty program is that they have to preload money on a Dunkin' card to pay," Kaplan said. "With this option, you could earn points however you pay, even if it's not from the mobile app." Kaplan noted that active membership would fall off once people had to reload their card with additional funds. "We're excited to test this, to help both new acquisition and to further engagement. Although we have 8 million members, there are 8 million-plus more that would join if we removed the preload requirement."

OMNICHANNEL

Connecting early and often will help brands offer increasingly relevant messages. To facilitate this, programs must link both their online and offline efforts, across platforms and devices. And mobile is increasingly the most important channel.

"Mobile is the key to engagement," Kegley said. "It's the inside track to building a more valuable relationship with customers. It gives [brands] the means to isolate those customers who are actively engaged."

"Our category is no different than the rest of your life," Weinstein said. "Customers expect to interact with a hotel the same way they're interacting with Uber, or Amazon or Grubhub."

Why does mobile win with consumers? Interactions seem more personal. Just over half of the respondents to a March 2018 survey by mobile technology company 3Cinteractive said the ability to personalize the experience was a benefit of mobile-enabled loyalty programs.

Most Important Feature/Benefit of a Mobile-Enabled Loyalty Program According to US Internet Users, March 2018
% of respondents
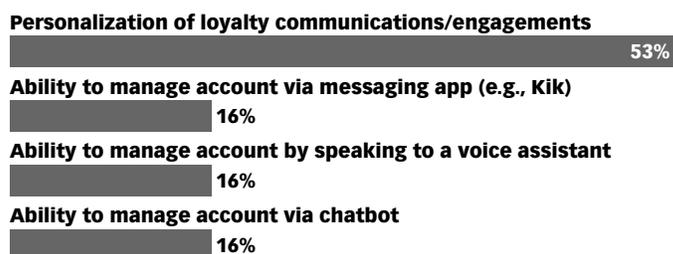
Personalization of loyalty communications/engagements
53%

Ability to manage account via messaging app (e.g., Kik)
16%

Ability to manage account by speaking to a voice assistant
16%

Ability to manage account via chatbot
16%

Note: ages 18+; numbers may not add up to 100% due to rounding
Source: 3Cinteractive, "2018 Mobile Loyalty Report," May 11, 2018
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Communicating with the consumer at the moment they are ready to buy is about as close as a brand can get to offering a personalized experience. "If an individual is in-store, using a brand's mobile app, considering a purchase, you're going to give that person a different experience than you would if they were looking up something at home on their desktop," Baxter said. "You need to make that experience highly relevant to them in that moment."

Consumers have increased their use of loyalty programs via mobile, according to data from targeted-promotion provider Valassis. Fully 43% of US internet users surveyed in Q3 2017 said they had used an in-store shopping rewards app to save money, up from 39% in Q3 2016.

Types of Mobile Savings Apps Used by US Internet Users, Q3 2015-Q3 2017
% of respondents

	Q3 2015	Q3 2016	Q3 2017
Grocery/drug/mass store and/or supercenter savings app	38%	51%	56%
Cash back/points app	30%	41%	46%
Coupon app	31%	44%	45%
In-store shopping rewards app	29%	39%	43%
Shopping list app	25%	34%	36%
Deal comparison app	25%	32%	34%

Note: ages 18+; ever use
Source: Valassis, "Modern Shoppers and Their Quest for Savings," March 20, 2018
236406   www.**eMarketer**.com

Communications via mobile channels were collectively the most preferred method of receiving messages from loyalty programs, according to 3Cinteractive. No one channel was preferred by a majority of respondents, though push notifications, messaging apps and SMS were among the most highly favored.

Preferred Channel to Receive Communications from Loyalty Programs According to US Internet Users, March 2018
% of respondents
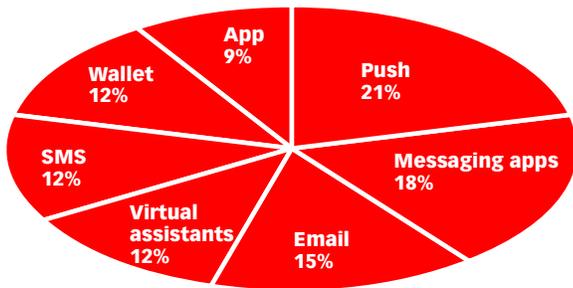
App
9%

Wallet
12%

Push
21%

SMS
12%

Messaging apps
18%

Virtual assistants
12%

Email
15%

Note: ages 18+; numbers may not add up to 100% due to rounding
Source: 3Cinteractive, "2018 Mobile Loyalty Report," May 11, 2018

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Just as consumers expect marketers to understand their shopping preferences, they expect marketers to understand their communication preferences.

So, those mobile efforts need to be bolstered by support in other channels. A January 2018 survey of US grocery shoppers by Inmar found that 55% of respondents use both paper and digital coupons.

CodeBroker asked more than 1,200 US internet users for their preferred channel or device for accessing loyalty program information. While smartphones were preferred among a majority of respondents, no one channel was overwhelmingly favored over another. And nearly two in 10 said they preferred interacting with a loyalty program via desktop.

Preferred Channel/Device for Accessing Loyalty Program Info* According to US Loyalty Program Members, Feb 2018
% of respondents

Smartphone—via link in a text message
37%

Smartphone—via mobile app
28%

Desktop/laptop—via website
19%

Smartphone—via digital wallet (e.g., Apple Wallet, Android Pay)
13%

Facebook Messenger
3%
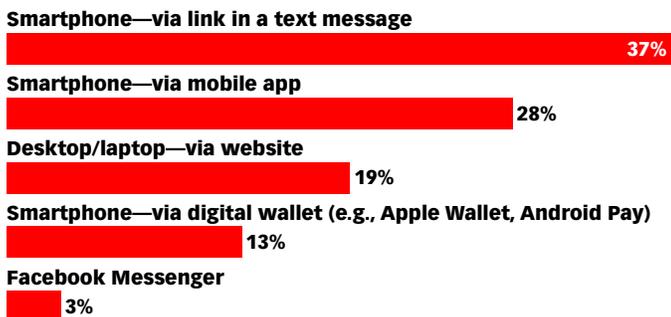
Note: ages 18-65; *e.g., points balance, redemption information, available rewards
Source: CodeBroker, "2018 Loyalty Program Consumer Survey," March 21, 2018

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Loyalty program members want to connect with the program across channels and devices, even for something as simple as points accrual: If points are added during an interaction with the program's mobile app, those points should be immediately updated on the program's website as well.

But delivering that feature is still a challenge for a majority of retailers. A March 2018 report from retail tech publication RIS News and Gartner examined digital transformation in the retail sector. Among the 90 senior-level retail executives of large and regional retail chains polled on their technological readiness, just 30% said they had up-to-date technology for tracking loyalty across channels. While about half of the respondents said they were in various phases of implementing technology, 20% said they had no plans in place to track loyalty across channels.

True omnichannel execution remains a work in progress for most marketers, according to Evergage and Researchscape International. Of the US marketers surveyed in March 2018, just 2% said they had linked all channels and provide a truly personalized experience. One-quarter of respondents said they had connected most or about half of their channels. But nearly three-quarters said they had only a few channels or none, meaning they were unable to track consumers' actions, or glean the information necessary to provide personalized communications.

US Marketers' Approach to Multichannel Personalization, March 2018
% of respondents

We have all channels connected—we can provide a completely cohesive, personalized experience from one channel to the next
2%

We have most channels connected
11%

We have about half our channels connected
14%

We have a few channels connected
46%

We don't have any channels connected—we are unable to provide a cohesive, personalized experience from one channel to the next
27%
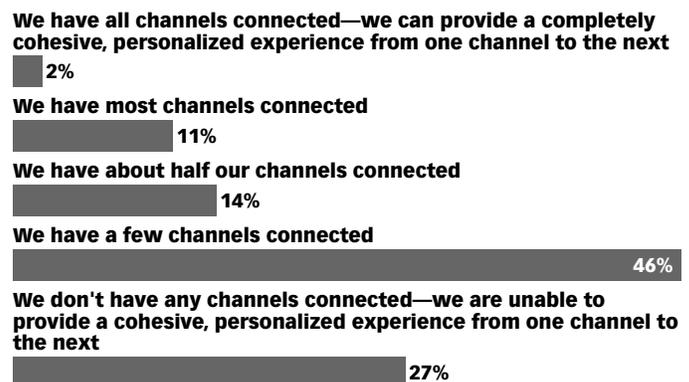
Source: Evergage and Researchscape International, "2018 Trends in Personalization," April 25, 2018

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With a low level of commitment to omnichannel, loyalty programs overall could continue to struggle with low engagement. Without the capability to track consumers across channels, retailers and brands are missing clues that would help them better understand their customers in real time, and engage them in the long term.

Spotlight on Omnichannel

Program name: Citi ThankYou Rewards

Industry: Financial services

Membership: 14 million in the US

The way consumers interact with Citi's ThankYou Rewards loyalty program has changed dramatically over the past five years, according to Mary Hines, Citi's managing director of benefits, new product development and global rewards. "Today, 70% of redemptions are through digital channels, which enables the customer to have a more frictionless experience and allows them to get what is most important to them," she said.

Mobile use is also on the rise. "In 2016, about one-quarter of our traffic was driven through mobile," Hines said. "In 2017, it was one-third. It's a substantial jump in one year, and we're going to continue to see that grow."

Get with the program. Citi ThankYou Rewards members earn points each time they use their credit card to make a purchase and can redeem those points in a number of ways. They include using those points to pay for select charges on their credit card, redeeming points for flights and paying for purchases from partner retailers, including Amazon, Best Buy and 1-800-Flowers. But even with so many options, not all Citi cardholders were taking advantage of them.

"When we looked at why people were not redeeming earned points, it was primarily because the program was hard to engage with," Hines said. To rectify that, Citi implemented improvements that put point totals prominently in every form of communication.

The ability to track points and have them available from multiple touchpoints is at the heart of the customer experience, according to Hines. "It's really important that when people engage with Citi, whether to pay their bill or have a servicing issue, they see rewards front and center."

It's the brand's responsibility to ensure that consumers are regularly informed of their reward status and how they can take advantage of the program at any given time, Hines noted. That means integrating points throughout the user experience. That includes having those points show up in the checkout area of a partner's ecommerce site, where they can be redeemed with one click.

"Now, if you go into the Citi mobile app to check your credit card bill, you will also see your total points," she said. "From the app, you can redeem those points for select charges on your card statement, or for travel, or for gift cards. This is where we've seen a big jump in our activation and usage rate."

Adding more channels to the mix. Citi will launch a partnership with PayPal later in 2018. The collaboration will allow members to use ThankYou points to pay for all or part of a purchase anywhere PayPal is accepted—and add to Citi's roster of platforms linking the loyalty experience.

KEY TAKEAWAYS FOR LOYALTY PROGRAM MARKETERS

- **Make the brand experience engaging, relevant and seamless.** Accumulating rewards are just one aspect of a loyalty program. Use insights gathered from consumer behavior and customer feedback to stitch together a better sense of what those relevant and engaging experiences should be.

- **Respect consumers' privacy.** Consumers are concerned about how their personal information will be used by companies. When they willingly opt in to loyalty programs, be respectful. This is the first step in getting to know the consumer. If done right, the value exchange will continue, and the consumer will become more high-value.

- **Keep the conversation flowing.** The more interactions, the better the understanding. The first 90 days are key, and some industry experts are shortening that window to 60 or 30 days. Aim to generate as many interactions as possible. Take lessons from each interaction and use those to segment down to the smallest cluster.

- **Be everywhere.** Frictionless, omnichannel experiences lead to engagement. For consumers, the ability to interact with the brand across multiple digital touchpoints—online and in-store, on mobile and desktop—keeps them continually connected to a loyalty program. For brands, the more first-party data gathered through those various touchpoints the better the road map for providing personalized offers.

- **It all has to work together.** From initial sign-up to frequent communications to omnichannel access to programs—these strategies need to work in lockstep, feeding the continual flow of information about consumer preferences and delivery of increasingly relevant experiences.

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Loyalty Marketing Beyond the Loyalty Card

Taking the learnings from loyalty programs and applying them to your own business is as easy as CDP

This post was contributed and sponsored by Lexer.

While many large retailers have loyalty cards to gain customer level insights and foster repeat purchasing, you don't need an official loyalty program to implement effective loyalty marketing. If you have customer data and a Customer Data Platform (CDP), you can implement the strategies of the best loyalty programs to increase purchase frequency and customer lifetime value.

Unfortunately, the opportunity to grow customer loyalty is often lost when customers receive communications and offers that are not relevant to their needs. The challenge we have is to keep our customers feeling the magic of our brand throughout the year, year after year.

How?

No. 1: Understand each customer

A CDP provides you with a single customer view by combining all the interactions that a customer has had with your brand online and offline, from engagement with your marketing campaigns to UPC level purchase history. In this single customer view, you can seamlessly understand lifetime value, product purchase history, time since last purchase and next best product to offer to name a few.

No. 2: Create actionable segments

A CDP enables marketers to self serve insights and create data driven strategies. Your empowered team can segment customers based on key attributes and behaviors—creating actionable segments to grow recency, frequency and lifetime value. Connecting the right offer to the right customer segment dramatically improves the impact of your communications.
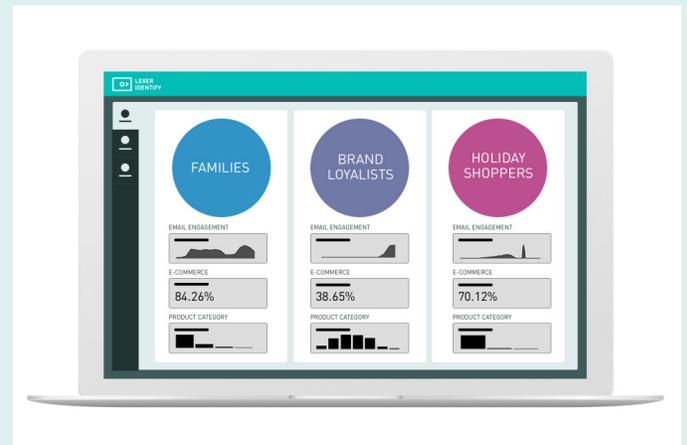
No. 3: Take it omnichannel

The move from multi-channel to omnichannel has been a shift in mindset for marketers operating in silos. A CDP breaks down those silos making it easy to target the right customer segments at the right time consistently across channels. Enabling you to activate your customer segments for omnichannel campaigns on Facebook, Google, Twitter and email with just a few clicks.

No loyalty program? No problem! To see how Lexer helps brands use their existing data to genuinely understand their customers and personalize their marketing to increase lifetime value, schedule a demo on Lexer.io.

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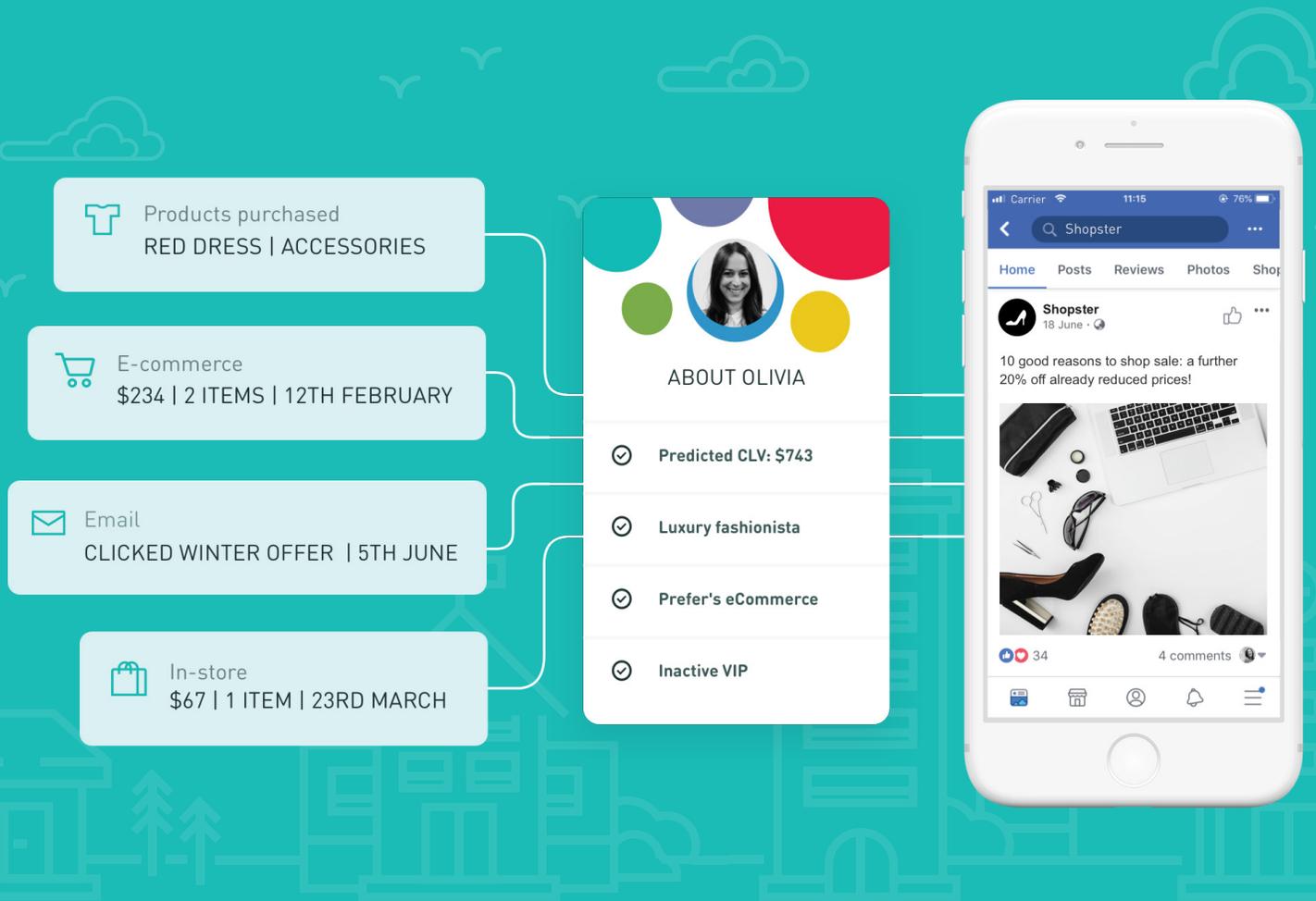
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