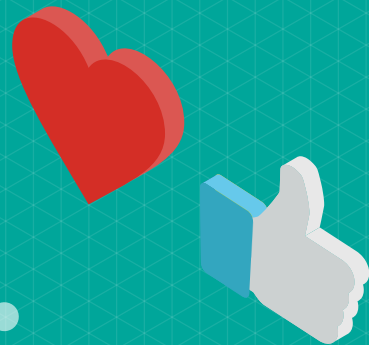


Personalization, not points:

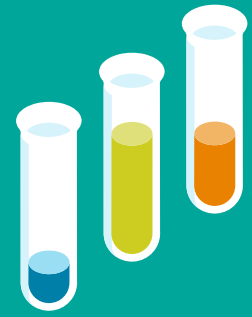
Understanding the language of loyalty

A Metia report



metia

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Based on research undertaken by the Metia Insight and Analytics team, traditional assumptions around the use of loyalty programs to drive long-term relationships may be overdue for review and reconsideration. This white paper explores these ideas.

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Introduction

Improving customer loyalty and driving lifetime value are core priorities for most brands.

Whether this is measured as affinity, fandom, or delighted customers, the goal is fundamentally the same: to drive mutually beneficial outcomes for a customer and an organization.

Rewards drive the wrong behavior

One way brands have chosen to accomplish this goal is through launching loyalty programs—a card or an app that lets customers collect points and then redeem them later for rewards or discounts. While this may present itself as a straightforward path to success, many brands don't reflect on what their customers think about the program—whether it's truly creating loyalty or if it's driving the desired behavior and perception.

Based on insight gathered within research activities the Metia Insight and Analytics team has conducted, assumptions surrounding the best methods to build loyalty through these programs may be overdue for review and reconsideration.

A contrarian would suggest a rewards-based loyalty program, purely motivates the collection of rewards. It doesn't necessarily build loyalty. Nor does it reflect the quality of the experience provided to the customer. The motivation to accumulate rewards may overcome dissatisfaction with the service.

Brands are constantly asking their customers what it will take for a customer to be loyal to

the brand. Endless surveys are sent asking questions such as:

- “How likely are you to recommend us?”
- “How likely are you to shop with us again?”
- “Are you likely to upgrade in the next 12 months?”

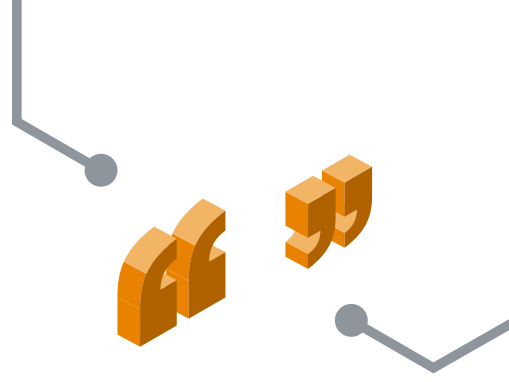
These are all important indicators and lead to KPIs that executives are often measured against, so it's critical to understand them. However, many important loyalty-related questions get overlooked in the process. These include:

- “How can we (the brand) show you that we are loyal to our customers?”
- “What do we need to do to earn a customer's loyalty?”

Re-evaluating loyalty

In some cultures, the so-called ‘rewards’ customers are given in return for exhibiting certain behaviors can be perceived as bribes. As an innovation exercise, ask your brand's executives to re-imagine or re-design their loyalty efforts—but without giving anything away at all. It's harder than it sounds. Concerns that usually come up are: “But how do we operationalize it? It won't scale.” Those issues clearly matter to the business, but they should not prevent you from trying to find new ways to reward your customers.

This paper will help you re-evaluate your loyalty program from a different perspective—the customer perspective.



Understanding the language of loyalty from the customer perspective

A customer's viewpoint on loyalty is very different from a business's perspective. To build loyalty businesses need to understand and associate themselves with the themes that matter most to their customers. Collecting points probably isn't one of them.

The language of loyalty

During these research activities, we have focused on understanding *how customers define loyalty* and customer-centricity in both B2B and B2C contexts, as opposed to *how brands define and cater to them*.

Our studies researched drivers of loyalty, and the strengths and weaknesses of different loyalty approaches. Some of the questions that customers were asked included:

- “How is your experience different when you are interacting with a business that you think is customer-centric?”
- “How does it feel for a brand to be loyal to you?”

- “Do you think of yourself as loyal to any brand?”
- “How do you behave differently with brands you're loyal to?”

Content Resonance System

Within the scope of these studies the Insight and Analytics team at Metia also looked at the language of loyalty using linguistic and visual data that was gathered through various digital channels and research techniques. The team collected millions of social conversations about loyalty, exploring what a good customer experience looks and feels like, and what influencers are saying about loyalty or customer-centricity.

We also asked people across the world to take a photo of how it feels when an organization is customer-centric, or of a brand or experience that makes them feel loyal and to say why. These techniques and methods are components of the Metia approach to gathering data-driven insight and also apply the Metia Content Resonance System (CRS), a structured, systematic, and scalable approach to understanding how consumers and customers relate to businesses and brands.

Upon analyzing the results, one thing rang out loud and clear: brands need to rethink their loyalty efforts.

Points have become pointless

In today's market, customers are very likely to switch to a competitor if a new or better deal comes along: simply having a loyalty program, or the prospect of earning 'points' from a brand, isn't enough to make customers stay with you.

Bottom line: loyalty efforts aren't really doing their job. The economics of points-based programs don't stack up from the customer perspective: it's time to rethink how we reward customers.

“As digital culture continues to evolve, it's essential to use social data and analytics tools to truly reflect the needs of your customers.”

Misia Tramp

Metia VP, Customer Experience Insight and Strategy



How customers want to be recognized



In general, customers are critical about loyalty efforts and programs. The idea of a brand ‘doing loyalty’ simply doesn’t resonate with customers. Our research activities clearly showed that loyalty isn’t *something you do*; loyalty is *something you earn*.

This viewpoint poses the question: if the ‘collect points and earn rewards’ model isn’t working, how can a brand exhibit loyalty and, by extension, earn its customers’ loyalty?

Recommendations

Based on both our research and the practical experiences of working with major brands, our recommendations include:

Brands should treat their customers fairly

Think about brands in the financial industry that often hide behind complicated policies and terms & conditions, or perhaps retailers that rigidly enforce the small print of their return policies. Customers don’t want to feel like they’re constantly being undermined or cut out; they want brands to trust them and to treat them fairly.

Brands must tap into their customers’ emotional levers

Instinctively, marketers have always known that emotion matters, but now research proves the point. Brands need to think about how to create real emotional ‘moments’ and to ensure they are present at those moments in time, rather than just hoping this happens as a happy coincidence.

Brands should be admirable

They should do the right thing. Customers are more likely to exhibit loyalty when they see a brand doing something that they admire. ‘Admire-ability’ was identified as a very strong driver for loyalty.

“Loyalty is built up through every touchpoint of the customer experience or relationship. It isn’t something that can be created with a bolt-on program that only starts following a transaction.”

Steve Ellis

Chief Executive, Metia Group



Brands need to get personal

Personalization is no longer a nice-to-have, it’s now a necessity. Research consistently showed that the experiences that resonated most powerfully with customers and that earned loyalty, had one thing in common: the brands involved were able to deliver highly personalized and contextually relevant experiences. Modern customers are very aware of how much data they are generating every time they search, visit, click, sign in, or transact. When that data isn’t used to enrich their experiences, it is considered

lazy and even disrespectful. The fundamental give/get expectation for data to be shared and gathered, is that it is then used intelligently to improve the customer’s experience.

These are the new rules of loyalty. Making experiences emotional, personal, frictionless, intuitive, and highly relevant demonstrates that you know your customer, that you’re smart about how you use their data for the customer’s benefit, and that you respect their time.

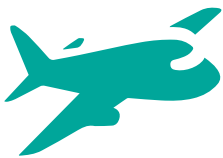
What are brands doing to earn loyalty?



As part of our research studies, customers were asked which brands they feel most loyal to and why. A few of the strongest responses are described below.

What do customers think?

It's important to note that none of these examples cited are attributed to loyalty programs per se, but are specific stories that groups of customers themselves shared, and that they considered defined some of the best practices in this area.



Virgin

Many respondents believed that Virgin has a customer-first culture. But when the research team asked customers what makes them loyal to the brand, many times people cited the sense of leadership. Customers believe that Richard Branson is a fair and equitable leader; his visibility, humility, and leadership also suggest that Virgin is a great place to work. All of which implies Virgin will treat you fairly.

The various activities that Virgin gets involved with create a strong emotional connection, and Virgin has done a good job of personifying its culture. Humor is another lever for loyalty. The Virgin brand doesn't take itself too seriously, and, as a result, customers feel they can relate to it. Millennials in particular cite Virgin as a brand they'd love to work for.



Disney

Interestingly, the primary drivers for lifetime loyalty with Disney center on nostalgia and memories. The Disney brand is seen as a company that creates positive memories, which ultimately fosters lifetime loyalty.

For many people, Disney is relevant during their childhood and then again when they start

their own families. There are also many times during a customer's lifetime when Disney isn't relevant to their lives. But Disney has been able to create powerful emotional memories, so that customers remain loyal to the brand even when it isn't an active presence in their lives. This is evident in all aspects of the experience, both on and offline.



Adobe

Adobe drives significant loyalty by creating a sense of community and collaboration among its technical audiences. Whenever Adobe researches and develops new products, it always involves its developer, designer, and customer communities.

A high level of co-creation has allowed Adobe to create armies of brand ambassadors who

feel like they want to make the brand successful simply because the brand gives them a voice.

When your customers feel that they are partially responsible for the creation of a product or experience, they feel a sense of duty to make it succeed. Adobe has been doing this for many years simply by treating customers as key stakeholders during the innovation process.

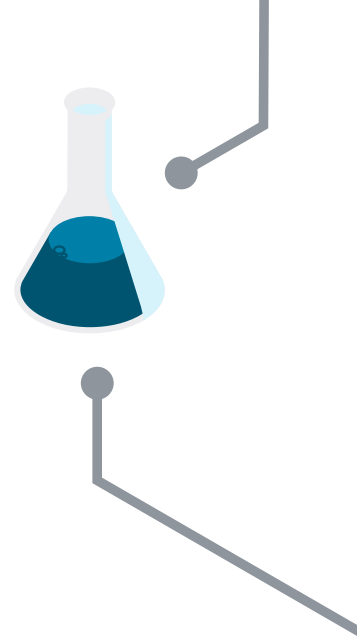


American Express

American Express (Amex) does a great job of creating 'celebrities' of small businesses by fostering communities and publicly recognizing their successes. Amex produces a lot of content about what it's learned as a brand. This makes it very accessible and connects it to small business owners by treating them as peers.

Ames shares its learnings, best practices for building a business, and what other small businesses are doing. It doesn't only talk about financial services products in its Amex Open community. Instead, it talks to small businesses as peer businesses, sharing what drives success and celebrating those successes when they occur.

How to start rethinking your loyalty program



It is time to think about personalization, not points. More controversially, do your loyalty efforts even need to be visible to your customers as branded frameworks or programs, in order to be successful?

Moments of connection

Historically, creating loyalty programs were a necessary tool to collect customer data. That is no longer the case. Technology has evolved to the point where you can collect, track, and use data from both implicit and explicit sources—you can recognize customers without their ever knowing how you're doing it.

There is an argument that it's lazy to rely on a ring-fenced program to deliver the data required to manage loyalty activities. Think of the four examples described: Virgin, Disney, Adobe and American Express. Each of these brands shows how you can drive loyalty without depending solely on a formalized program.

Emotional drivers—such as innovation and leadership; nostalgia and memories; collaboration and co-creation; and communities and relatability—are more powerful drivers of loyalty.

Changing your approach to loyalty

Brands need to flip the way they think about loyalty: instead of asking customers to be loyal to their brand, brands should ask what they need to do to earn their customers' loyalty.

Businesses should not position loyalty and advocacy as the final stage of customer engagement. No loyalty program is good enough to triage customers who have endured a poor experience back into a position of loyalty or advocacy.

Action list

Brands must focus on better understanding their customers' wants, needs, and expectations. Brands need to:

Listen to customers

Look more closely at the feedback your customers leave over the phone, online, in emails, or even on community boards and forums.

Understand customers' conversations

Explore the language they employ, both around your brand and also around the topics that matter to them: how well does your content resonate with them?

Use data-driven insight

Analyze the data customers themselves are providing across every part of their journey and use data science and research techniques to provide the insights that will help you better understand your customers.

When brands connect with customers emotionally, they create a level of loyalty that's greater than any points system could ever achieve.

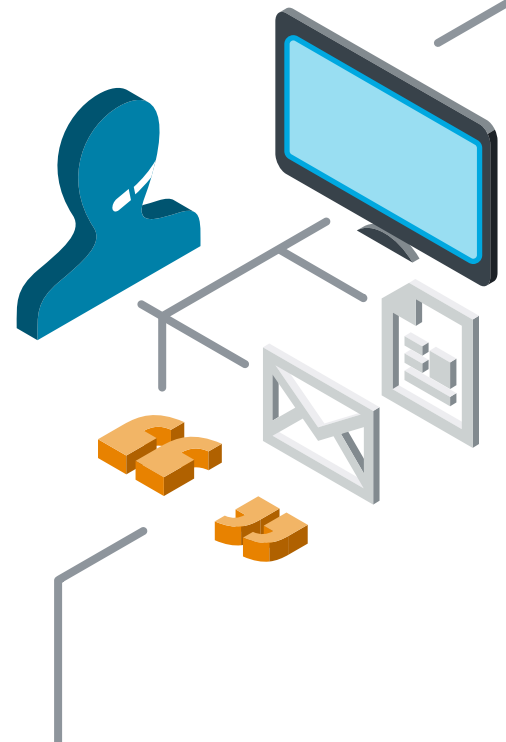
It's time to get personal about loyalty!

Now what?

Metia can help you research, design, and deliver experiences that better connect with your customers. We use data-driven insight to optimize your program around the themes and issues that matter most to your customer.

The Metia Insight and Analytics team has experience, methodologies, and tools, that will accelerate the creation or improvement of your program, and provide a framework for ongoing measurement and optimization.

Contact us to learn more.



Metia Group

Metia Group is a global digital marketing agency with offices in London, Seattle, Austin and Singapore. We employ over 130 digital marketing professionals; each is expert in a particular area of specialization.

Our clients include big corporations and ambitious businesses. We provide them with creative campaigns that reach across geographies, scale massively, can be deployed systematically and measured relentlessly.

If you'd like to learn more about our capabilities, and discuss how we could help you reach and engage your target audiences with focused, measurable campaigns, please get in touch.

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