



EXECUTIVE PERSPECTIVES

STATE OF THE INDUSTRY EXECUTIVE REPORT:

A PERSPECTIVE FROM VANGUARD SUPPLIERS
ON THE CUSTOMER LOYALTY INDUSTRY



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BACKGROUND

Creating engaging experiences that actualize emotional bonds and drive customer loyalty might be the best marketing strategy that brands can employ. As such, Loyalty360 believes that this strategy should be of utmost importance to marketers. Brands and marketers that focus on creating these special, powerful experiences typically reap benefits that competitors don't, as they are foremost in driving loyalty. We see growing investment in such customer-centric strategies across all industries. However, even with concerted effort, creating engaging customer experiences and loyalty still presents a major challenge because there is confusion and noise within the industry. Brands have to figure out how to engender internal organizational support, select the right technologies, wrangle data, create the right message, and develop processes to deliver in a meaningful and measurable manner.

In addition, the current marketing environment requires brands to employ analytical skills that weren't necessary just a couple years ago. Data breaches and increased scrutiny around data access have led to the creation of complex regulations by which brands must abide. Furthermore, customers have come to expect the personalized and convenient experiences offered by leading businesses from every organization and through every channel.

Brands also need to collect rich customer data, derive actionable insights from it, and leverage technology that allows for scale. They need to design and develop customer engagement strategies tailored to their customer bases and make sure the importance and impact of those programs are understood. The need for objective insights, best practices, and a community focused on customer loyalty grows day after day.

As an unbiased, objective, and market-driven association for customer loyalty, Loyalty360 is in a unique position to help brands navigate these loyalty challenges. To understand the evolving facets of the contemporary marketing landscape, we regularly speak with brands, marketers, suppliers, and consultants who are in the vanguard of the industry. We speak with those who work at the frontline and sometimes in the trenches of the paradigm shift toward customer loyalty.

Somewhere in the heart of this shift is the customer.

To figure out how to reach the customer in this challenging environment, we seek to understand how leading companies integrate cutting-edge tools, technology, and platforms to empower strategic services that lead to customer engagements that result in true customer loyalty and brand advocacy. The relationships we build with these brands enable us to explore the ways in which customer loyalty is helping marketers meet the changing demands and evolving behaviors of new generations of customers.

This is the genesis of the Executive Perspectives Reports.

As an association focused on customer, channel, and brand loyalty, Loyalty360's goal is to ask open-ended questions that help frame challenges and opportunities in a much deeper way. We seek to go beyond the limitations of prescriptive or quantitative surveys to enable a true discourse and open an enriching discussion. To that end, we present our State of the Industry Executive Report: A Perspective from Vanguard Suppliers on the Customer Loyalty Industry.



INTRODUCTION

In his book *The End of Marketing as We Know It*, Sergio Zyman, former Head of Marketing for the Coca-Cola Company, writes, "The sole purpose of marketing is to get more people to buy more of your product, more often, for more money. That's the only reason to spend a single nickel, pfennig, or peso. If your marketing is not delivering consumers to the cash register with their wallets in their hands to buy your product, don't do it."

Zyman published these words nearly twenty years ago, when the internet, as a household service, was still in its infancy. If he'd written these words now, he might have said something like, "If your marketing is not delivering consumers to your website with their credit cards in hand to buy your products, don't do it." Still, the point remains.

Brands should understand product opportunities, create trial and awareness, and drive personalized and engaging messages to create share of wallet in a competitive landscape. They should create raving fans.

Of course, this is easier said than done. "The biggest challenge we see from marketers today is the ability to effectively listen to their customers, develop reciprocity with those customers, and create true brand loyalty," says Mark Johnson, CEO of Loyalty360. Clearly, collecting VoC data is a real obstacle, among many others. However, while Zyman's advice is still

relevant, brands need to understand successful marketing strategies before they implement any marketing at all. To understand what marketing strategies are going to be successful, brands need to have a good grasp of where the customer loyalty industry is at these days. That's why the state of the customer loyalty industry is top-of-mind for most companies. Understanding where the industry is at, what most competitors are doing within it, and where it is going are of extreme relevance to the marketing strategies that brands develop.

To address this issue, to help brands understand the industry in greater detail, Loyalty360 has spoken with representatives from a variety of technology companies. From our discussions with these representatives, we've gotten a sense of the challenges suppliers are seeing from their audiences.

For example, Johnson says, "We continue to see a challenge around execution, addressing the noise that remains in the industry. Fifty percent of brands do not trust their technology suppliers, and that is a concern we need to address."

We've also gotten a sense of the market, the opportunities companies have, and how they can address those opportunities. This is insight that marketers sorely need. To gather this insight, we asked technology provider representatives numerous questions on the state of the industry. We found that, by far, most representatives are interested in:

1. **How the customer loyalty space has changed in recent years.**
2. **What the future holds for the industry.**
3. **What the next big thing will be.**
4. **How personalization has become more and more important.**

What follows is a discussion of the different ideas these representatives have put forward to describe the state of the industry. Much consensus exists on how the space has changed and what strategies brands need to use to take advantage of these changes. More disagreement exists on exactly where the industry is going and what the next big thing will be within it, but even here, many representatives are working with similar perceptions. We hope that this report helps brands develop stronger strategies for tackling the industry as it is.



HOW CUSTOMER LOYALTY HAS CHANGED

In their book *Why Loyalty Matters*, authors Timothy Keiningham and Lerzan Aksoy write, “The prosperity of the modern era has provided us with greater opportunities. These opportunities bring with them the greater likelihood that we will shift our loyalties in search of greener pastures. As a result, leaving the group has become the increasingly popular option when we object to the actions or positions in a community.”

This statement rings true with the research we’ve done at Loyalty360. We’ve seen that over 90 percent of respondents to our survey on the state of program development said that they were considering adding new enhancements to their programs. The reason for this? Over 46 percent said that their customers had shown interest in such enhancements, while 53 percent of respondents said that they wanted to increase the ROI of their programs. An even greater percentage of respondents, 82, said that they wanted to differentiate their programs.

These numbers indicate that the loyalty space has changed. Customers, because of widespread prosperity, want more from their loyalty programs and will not hesitate to seek out “greener pastures” if they don’t get what they expect. This is why so many respondents want to differentiate themselves. The loyalty space is full of clutter and competition, and brands need to offer something unique to create true brand affinity.

Brand representatives we’ve spoken to have also said that data security and customer expectations have changed as well. The General Data Protection Regulation and the California Consumer Privacy Act have tightened restrictions on how brands can collect and use data. The only real way to remain compliant with these regulations and to maintain data acquisition practices is for brands to offer loyalty programs. This enables customers to opt in to data collection in return for perks.

In addition, because of technological advancements, customers have come to expect convenience and ease across all channels and from every industry. They have access to endless amounts of information at their fingertips, and they use this information to make decisions about which brands to frequent. This has put the impetus on brands to provide things that were once seen as perks (e.g., free shipping) as part of their baseline offering.

Because of such sweeping industry changes, we recommend that brands develop strategies to understand where the industry is heading and to adapt to massive changes. There isn’t a one-size-fits-all approach to this challenge, which means that opportunities to innovate abound, but brands also face the problem of getting caught up in technological advancements that may prove cost-ineffective. This indicates that, when they develop strategies to future-proof themselves, brands have to proceed very carefully. The ability to effectively listen to and understand customers and respond in kind has never been more critical.



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Sara Galloway, Director of Loyalty Consulting, Aimia: The landscape is changing so drastically, and a lot of that is centralized around how people are viewing data and the necessity to keep that data safe and use it wisely. What we see most of our brands and our client partners saying is there's a general concern for how data is being stored and how data is being captured. With legal actions such as GDPR attracting a great deal of attention right now, brands are beginning to focus on a greater level of the data that they house and how they use that. Because of that, we see more of our partners looking to use loyalty as a way to work within these stricter requirements and within these guidelines to continue the brand to consumer conversation, i.e. collecting that data. So, that's number one.

Richard Schenker, Senior Loyalty Consulting Director, Bond Brand Loyalty: I think what we're seeing is that the marketplace is getting very crowded with me-too loyalty programs, and consumer expectations of brands operating loyalty programs are rising. We're also seeing that consumers are increasingly discerning with their loyalty programs, and they're certainly looking for an enhanced customer experience. Airlines are pioneers of loyalty programs, and yet not much has changed in their loyalty sector as it pertains to innovation. Having said that, we're seeing a number of things that are happening in the marketplace such as changes in load factors and carrier consolidation, and airline brands are now beginning to seek new ways to differentiate and enhance their customers' experiences.

Scott Robinson, Vice President of Design and Strategy, Bond Brand Loyalty: What is changing is the number of programs that consumers are enrolled in. It continues to be very easy for members to join and enroll in programs. What isn't changing is that consumers maintain their engagement with a few select programs. What is also changing is the expectation among consumers for an improved experience with the brand that goes beyond traditional "do this, get that" loyalty points mechanics. The loyalty program continues to be an important piece in the marketing mix and a way for brands to reach out to and stay engaged with their consumers.

Jon Siegal, Vice President of Global Loyalty Sales, Cheetah Digital: Gone are the days of loyalty being simply tracking points and rewarding. Today's leading loyalty programs maximize the use of first-party data to offer extreme personalization and immersive customer experiences as an effort to build the emotional connection between the customer and brand. This means real-time flexibility and responsiveness is now a requirement for the technology used to power loyalty initiatives.





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Emily Rudin, Chief Customer Officer, CrowdTwist: Customer loyalty is becoming harder and harder to attain. Consumers are more informed than ever and expect so much more from the brands they choose to purchase from. Price and product are no longer the main drivers of brand loyalty. Consumers want to purchase from brands that care about more than their bottom line. They choose brands that are omnipresent and truly think less about channels and more about a holistic consumer experience. They select brands that know who they are and what they want.

Tom Caporaso, CEO, Clarus Commerce: It's changed because consumers have unlimited choices. I don't think it's enough to differentiate at a product level anymore. Brands need to find deeper differentiation to gain a competitive edge. Customer loyalty benefits are shifting away from purely transactional. There are now experiential benefits that go a long way toward building greater engagement and advocacy. Loyalty marketers are trying to find the right balance of transactional and experiential benefits to retain their customers.

Social media has also impacted customer loyalty. Consumers have more outlets than ever and it's easy for them to voice their opinions on social media, either positive or negative. I think a seamless customer experience is expected now, and when a brand promise is reinforced at every touch point, every moment becomes an opportunity to create loyalty.



"Social media has also impacted customer loyalty. Consumers have more outlets than ever and it's easy for them to voice their opinions on social media, either positive or negative."



WHAT THE FUTURE HOLDS FOR CUSTOMER LOYALTY

Keiningham and Aksoy suggest that “like virtually all things in life, loyalty is a double-edged sword.” They go on to point out that loyalty “can be used as a force for good or evil” and provide several examples, including loyalty to historically evil causes, as proof of their assertion. The point they wish to argue here is that marketers can’t just seek out any type of loyalty and expect to be successful. They have to foster specific types of loyalty if they want to remain in business.

According to member representatives we’ve spoken with, creating “good” types of loyalty is the future of the industry. Good types include emotional connections, experiential engagement, and trust. Our members, on the whole, believe that transactional loyalty programs are going to cease feeling unique to customers. Therefore, their loyalty to such programs will wane. To mitigate this effect, brands need to deepen their customers’ emotional affinity, offer experiences to differentiate themselves, and build customer trust through proper data collection and management procedures. “We know individuals have a finite capacity to engage with brands,” says Johnson, “so the ability to get into the consideration set of brands and stay in the consideration set is critical.”

From a recent survey on trends for 2019, we found that **38 percent** of respondents (a minor majority) say their marketing teams are prioritizing trust. In addition, from our survey on the state of program development, we found that **over 64 percent of brands** have begun to add

non-transactional rewards, such as experiences, to their programs. From the same survey, 90 percent of respondents said that they were considering adding non-transactional rewards to their programs in the next year. These numbers square with both the advice offered by Keiningham and Askoy and the discussions we’ve had with our members. The future of the loyalty industry isn’t in the same old earn-and-burn model. This model has flooded the market since it was first introduced by airlines back in the 70s.

It has become so commonplace that customers are no longer impressed by it. In fact, they’ve become so accustomed to them that they barely even consider giving their business to companies without programs. That is, loyalty programs have become the baseline of acceptability. Brands have to have them just to get customers in the door. To keep them loyal, these programs need to offer something else entirely.

For this reason, we encourage brands to think of ways to innovate their programs. Some choose to offer once-in-a-life time offerings. Others become experts at personalization and generate affinity through customized offers and communications. These are but two of the many successful differentiation strategies. Which path brands choose to go is up to them, but designing some type of process to stand out amid the cacophony is a necessity.



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Michela Baxter, Senior Director of Loyalty, HelloWorld: The role of emotion in consumer loyalty is becoming more important as technologies evolve, consumer expectations shift, and our understanding of what drives consumer behavior deepens. Emotional elements will influence the shape of future loyalty approaches. It is about using the tech and the data to inform and create seamless touchpoints of value. **At the end of the day, customers want to feel appreciated, not just receive a tangible reward for their purchases. Marketers who want to connect with empowered consumers should reexamine traditional approaches to building loyalty and rethink how they measure it.**

Todd Etchieson, Vice President of Product, Akamai: Our view is that people's identities will become even more tied to the brands and companies they are involved with and that the identities that they have under brands become more and more valuable to each party. To brands, having a rich profile of their users is an incredibly valuable asset, whether it's for marketing purposes or sales purposes, or just management of that user's interactions. I think for people on the other side, knowing that when they're engaging with a favorite brand that their data is secure, that it's easy to access with their preferences, is a big thing.

Atul Sabharwal, CEO and Founder, Snipp Interactive: Simply put, the future of loyalty is the personalization of the conversation between manufacturer and customer aided by artificial intelligence along with a human touch. Employee and company behavior represent brands.

JR Slubowski, Sr. Marketing Strategy Director at Maritz Loyalty: The future lies in seeing loyalty not as a program, but as the comprehensive experience that customers have with your brand. At Maritz we refer to this as LX, or loyalty experience. And LX differs from CX in that it is focused not just on optimizing the current moment in the customer's interaction with the brand, but in fostering a future intention for that moment. When this is done right, the customer will always be seeing their brand interactions in terms of the legacy of past interactions and the anticipation of interactions to come. Connecting all of that together seamlessly will be the challenge, one that will require more than our tried-and-true tools like points, miles, rewards, and bonus offers. This next evolution of loyalty strategies will require us to amp up our game in disciplines like AI and behavioral science, so we can design amazing experiences that continuously get better.

Evan Magliocca, Brand Marketing Manager, Baesman Insights & Marketing: Marketing has always been subject to the pendulum effect. We go too far one direction, then adjust and swing too far back in the other direction. Machine learning and personalization are current examples. Those are both extremely important, but we often see that some brands sacrifice the whole program for the sake of just a couple of parts. Some aspects that will come forward in the future don't have much to do with transactional loyalty. Consistent branding, trust-building strategies, hyper-focus on customer service—those are areas that will carry just as much weight as any other strategy in loyalty.



WHAT VENDORS SEE AS THE NEXT BIG THING

In *Fierce Loyalty: Cracking the Code to Customer Devotion*, authors Sandy Rogers, Leena Rinne, and Shawn Moon discuss one particular form of data collection at length: the follow-up. They write, "It's an opportunity to build the relationship, and that may be the best reason of all for doing consistent follow-up. If we see a customer interaction as a one-off event, that customer isn't likely to feel connected to us."

Their logic for doing follow-ups is solid. Follow-ups can strengthen customer relationships and even rehabilitate relationships with customers that might have been close to churning. It is true that follow-ups can be a challenge if a situational issue comes up, such as when a brand representative commits a faux pas during an interaction. Many marketers fail to accept blame and apologize for such issues, even though doing so is critical.

Not only are follow-ups critical; they are a natural process for brands trying to increase brand affinity. That is, reaching out to the customer after an interaction is, first and foremost, the polite thing to do. Follow-ups also happen to be part of what many representatives we have spoken to think is the next big thing for loyalty: understanding customer behavior.

Understanding customer behavior has a variety of benefits. It can improve communications from brands, fuel personalization efforts, and inform future investment decisions. Given the technological advancements of recent years, harnessing the behavioral science skills needed to understand customer behavior is now within reach. As such, that our members say that understanding the customer is the next big thing makes sense. It is also imperative for brand marketers to understand

where their customers are in the customer journey, and how sophisticated they are in their efforts to ensure the highest level of success.

In addition to understanding the customer, follow-ups also enable brands to reach the customer through different engagement channels. Our representatives say that omnichannel engagement and going to the customer where they are is also part of the next big thing for loyalty. Follow-ups offer brands good practice in this type of engagement. They can occur over the phone, through email, over chat, on a social media platform, etc. Basically, anywhere a customer is, a follow-up can be launched.

Because this type of engagement is trending, we encourage brands to think about the various ways they can reach out to customers. Omnichannel communications are wrapped up with understanding customer behavior, so reaching out is like killing two birds with one stone. Or perhaps like killing a hundred birds with one stone, since communicating with the customer through their preferred channels will improve multiple KPIs.

Our research suggests that brands across industries have considered and implemented a variety of solutions to adapt to a changing landscape: new applications, program restructuring, new rewards, etc. Thus, it only makes sense for brands to take a glance at what their peers think the next big trends in loyalty will be and make allowances for them. In this case, it appears that engaging with customers across channels to understand them better is on the horizon, and brands need to prepare.



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Michela Baxter, Senior Director of Loyalty, HelloWorld:

At HelloWorld, we want to know what makes humans tick. What psychological forces compel us to act? How do brand marketing experiences influence consumer behavior? Why is understanding motivation important for engaging consumers? Marketers will be applying approaches rooted in behavioral science much more in the future. Keep your eye open for applications in gamification, behavioral economics, and habit building to sparking engagement and long-term affinity.

Mike Donnelly, President, Hinda Incentives:

The most successful rewards and loyalty programs are the ones that are relevant and easy for the customer. We feel that means reaching the customer where they are through technology, including chatbot technology. Customers are experiencing more and more bot-based interfaces in their homes with Alexa, phones with Siri, and online customer service that constantly evolves its level of personalization and effectiveness thanks to artificial intelligence. Even though all customers feel their needs are incredibly unique, the availability of data and information can streamline the service and shopping process while also maximizing resources for when a true human interaction is necessary. The chatbot interface can be effective in allowing customers to check their balance, identify point earning activities, or completing simple redemption activities. There is a growing list of service providers in this area that can make implementation more time and cost-effective through one master channel instead of historically needing to have one connection to Facebook, a second to SMS, another to Twitter, and so on.

Ed Wolf, Head of Sales, Zylotech:

It's not necessarily a fun part of marketing or a sexy part of analytics, but it really does come down to the cleanliness and health of data. We work with a lot of global customers here, Europe, Asia, wherever. When you need to be GDPR compliant, it becomes more important than ever that you're aware of every customer, that you're

aware of exactly what they've accepted or not, in terms of your ability to contact them. Everybody who needs to in marketing and sales, whatever that might be, has that information and all the systems that you may be using. You have to consider how all the customer data synchs up, in that regard.

JR Slubowski, Sr. Marketing Strategy Director at

Maritz Loyalty: I think we're at the point where there are a number of small things that are coming into the market that are going to add up to something big. AI, AR, cryptocurrency, blockchain, and conversational commerce are just a small part of the list of innovations that will shift our approaches to loyalty. In recent years, many retail loyalty programs have been charged with driving and incenting more online behaviors. But with the retail experience changing so significantly—becoming more experiential, allowing products to be customized and literally created in-store, virtual mirrors so you don't have to try on clothes, etc.—I anticipate seeing a surge of interest in loyalty programs focusing on driving customers back into the brick-and-mortar stores.

Jonathan Dyke, COO, Spring Marketplace:

Clearly omnichannel is and should be a major focus for all retailers. The ability to provide seamless and consistent experiences across both channels is important to maximize revenue from each customer. We routinely see that customers of a specific brand are spending online but not visiting the offline store. When offered an incentive, we see that almost 10 percent of those customers visit the store and spend well above average ticket, making them three-and-a-half times more valuable to the brand when they shop both channels. Because the experience is real-time and super easy, brands see higher levels of engagement downstream after that initial conversion. Likewise, if you have an in-store only customer, it is beneficial to convert them online with an incentive post in-store purchase. It's a "do both" scenario producing incremental revenue lift.



HOW PERSONALIZATION HAS INCREASED IN IMPORTANCE

Perhaps none of the industry trends mentioned in this report is as well-known as personalization. Technological advancements such as artificial intelligence and machine learning have made true personalization efforts, at least in principle, attainable. Brands have begun to strategize about how they can advance from segmentation to individualized offers and create true one-to-one relationships with customers.

In fact, we probably have more data on this particular trend than any other. Our research has shown that over 85 percent of brands include personalized offers in their loyalty programs, and 80 percent include personalized communications. The same research has shown that such personalization strategies have been demanded by the customers of almost 81 percent of brand respondents. For this reason, we aren't surprised that so much of the supplier community at Loyalty360 has emphasized the importance of personalization. However, other research we've conducted shows that only

5 percent of marketers have actually implemented AI and machine learning technologies. How can this be, if so many customers are demanding personalization? One reason is that 70 percent of representatives feel that their marketing teams lack the necessary technical knowledge. If marketing teams lack the technical knowledge required to take advantage of such technologies, then personalization efforts will understandably suffer.

To solve this issue, the representatives we've spoken to encourage brands to understand the importance of personalization efforts. This includes knowing that poor personalization efforts can harm customer relationships, that personalization leads to long-term affinity, that most people want individualized rewards, and that customers want unique experiences relevant to only to them. Ignoring this trend will mostly likely have a detrimental effect, as personalization only seems to be getting more and more important as we move into 2019.



“Over 85 percent of brands include personalized offers in their loyalty programs, and 80 percent include personalized communications.”



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Mike Donnelly, President, Hinda Incentives:

Personalization is huge, especially when it comes to content delivery and rewards. We are finding that consumers want not only content that speaks to them, but rewards that speak to them. For some, this means focusing on rewards that bring convenience to their lives (think subscription boxes, Uber rides, same-day delivery, home and personal services) as well as reducing the time it takes for them to receive an award. Trends are showing that consumers appreciate the ability to get a small reward quicker than always saving for a larger award.

Marlon Bower, CEO, HTK: Marketers have been hearing about personalization for so long that it can often feel a bit overhyped. But personalization is extremely important, and it's something that most brands still haven't really mastered. Personalization is a key component of a great customer experience and an important driver of emotional loyalty. Customers who feel recognized and valued by a brand will feel more deeply connected to it, which increases lifetime value, loyalty and advocacy. And it's not just about knowing that the customer usually shops from a particular department or owns product X. That level of personalization is becoming the baseline. To stand out and make an impact on loyalty, brands need to anticipate customer needs and understand multi-layered data to make better recommendations that go beyond segments to something more one-to-one.

Andrew Kelly, Vice President of Sales and Marketing, ICF Next: Personalization is a frequently employed marketing idiom to that evokes a richer customer experience, but is a rather broad term that can encompass so many parts of the

customer journey. At its core, personalization is a very important tactic that is, more and more these days, an entitlement in the mind of the customer—the expectations of returning patrons and purchasers are greater than ever. The challenge is deploying personalization at scale. But through more advanced predictive modeling and real-time lifecycle optimization through machine learning and AI, marketers are able to deliver on this more than ever before, which comes with its own set of challenges.

Todd Etchieson, Vice President of Product, Akamai:

I think customers are expecting personalized experiences wherever they go, whether it's a shopping experience, whether it's looking at their profile, whether it's just knowing what their preferences are when they are shopping, or when they want to be communicated with. That capability has driven a huge amount of loyalty. When you think about it, in the past, not that long ago, you ever thought of registering for a consumer packaged good like a soft drink? Probably not, but the ability to have a personalized experience, whether it's as a reward for an employee or whether it's walking up to a vending machine and it knowing your preferences, that to me is just a perfect example that's driven a huge impact.

Matthew Kates, Chief Marketing Officer, PrizeLogic:

Personalization is an extremely important element of every loyalty program. Successful loyalty programs are no different than successful personal relationships. They're based on listening and getting to know each other. Using the dating analogy to illustrate the point—if over the course of a few dates, Person A tells Person B about herself but Person B continues to speak as if he hadn't heard a word Person A has said, there will be no long-term relationship.



CONCLUSION

From our discussions with thought leaders, who are bringing cutting edge technology and processes to the market, Loyalty360 has identified four major trends in the state of the customer loyalty industry. First, companies are concerned with how the industry has changed in recent years. These changes include technological shifts, the need to differentiate through experiential rewards, and stricter data privacy regulations. Brands need to pay careful attention to all of these changes if they are to succeed. Second, our representatives are interested in the future of the industry. Most believe the future revolves around good types of engagement: emotional connections, experiential rewards, and trust. Brands need to foster these engagement styles. Third, companies want to know what the next big thing is for loyalty. Our representatives say that this involves understanding customer behavior by reaching out to customers through multiple channels. Doing this can improve performance in all sorts of metrics. The final trend is that personalization is as important as it has always been, if not more so, and this fact isn't going away. Brands need to harness personalization as soon as possible to stay on top.

We've corroborated these ideas with our own research and with ideas from authors Zyman, Keiningham, Askoy, Rogers, Rinne, and Moon. All of these authors have achieved monumental things in marketing and loyalty, so their advice isn't to be set aside lightly. Our research indicates that experiential rewards, deeper emotional connections, understanding customer behavior, and personalization are all top of mind in the industry. A large percentage of brands are developing or have already developed strategies to address these trends.

It is clear that adapting to the state of the customer loyalty space will have many benefits. For brands that understand customer behavior through omnichannel engagement, customer relationships are sure to strengthen. Brands that take advantage of the personalization opportunity will likely see excellent ROI and improved affinity. In addition, brands that take stock of the future of the industry will be able to develop strategies that future-proof them against changes, while those that adapt to changes that have already occurred will improve business. As the loyalty space evolves, smart brands pay attention to this evolution to remain on top.



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