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How Retailers Can Leverage Loyalty Program Data to Create Exceptional Customer Experiences

A White Paper by Oracle and Retail TouchPoints

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INTRODUCTION

Customers have a wide array of brands to choose from for their retail purchases; a simple Google search leaves them inundated with options. And while a survey by Adtaxi says 75% of shoppers have a preferred brand, the same survey reports that 76% of consumers could be persuaded to choose a different brand if the cost is lower.

Loyalty programs are also a powerful driver in brand selection: research by CrowdTwist (acquired by Oracle in October 2019) finds that 63% of consumers could be persuaded to shop with a brand because they have a loyalty program. Brands with omnichannel loyalty programs truly are able to set themselves apart from the competition by rewarding customers for every action they take with a brand, collecting rich consumer insights across each touchpoint.

Such data allows brands to speak with greater relevance to their most valued customers, reaching them at their most influenceable moments. Additionally, this data enables brands to build 360-degree profiles of their customers and personalize their brand experience.

By adopting engagement-based omnichannel loyalty programs, brands can source data across all channels to:

- Personalize promotions and increase sales.
- Deepen customer relationships and build brand affinity.
- Create seamless omnichannel experiences that keep the brand top of mind.
- Gain a competitive advantage and make customer-led business decisions.

Such capabilities help brands to personalize the customer journey and drive loyalty. This white paper provides a closer look at each of the four areas.

While 75% of shoppers have a preferred brand, 76% of them admit they could be persuaded to choose a different brand if the cost is lower.

-Adtaxi

PERSONALIZE PROMOTIONS AND INCREASE SALES

Today's retail leaders are making personalization their top priority—and with good reason. Consumer expectations have risen, and retailers must meet them in order to stay relevant. Putting a customer's name into an email and other similar tactics are already table stakes. The most recent Salesforce State of the Connected Customer report found that 70% of consumers said a company's understanding of their individual needs influences their loyalty. Accenture's 2018 Pulse Check Survey found that 91% of consumers are "more likely to shop with brands who recognize, remember, and provide them with relevant offers and recommendations."

A majority of consumers (83%) say they are willing to share their data to enable such a personalized experience, according to Accenture. Consider the power of knowing your best customers' birthdays, anniversaries, family status, location, purchase history, behavior, and preference data.

Obtaining this level of data about a customer can help you move the needle on a number of loyalty marketing initiatives. Additional data can give you an opportunity to acknowledge happy occasions with a free gift, bonus points, a sizeable discount, or free samples—as well as help you refine your marketing messages to better suit your audience. For example, you can start rewarding members who are mothers for Mother's Day, for birthdays, and for program-join anniversaries, for example.

Omnichannel loyalty programs provide brands with a way to collect rich opt-in data from their customers by incenting them to make purchases, fill out profiles, and complete surveys.

Case in Point

> **PHILOSOPHY LEVERAGES DATA TO SURPRISE AND DELIGHT LOYALTY MEMBERS**
>
> Leveraging customer data, brands have the ability to drive sales of certain product lines or push foot traffic and sales to physical stores. Philosophy incents members of its loyalty program, Philosophers Rewards, to take surveys, write product reviews, and provide personal information. In exchange, the ecommerce retailer offers loyalty members access to flash sales, first looks at new product lines, discount codes, and bonus points on special occasions such as member birthdays. These campaigns not only make members feel valued, but they also help drive sales across specific product lines and on specific days.
>
> The greater the store of data a retailer has, the more predictive it can be about customers' wants and needs. And consumers are coming to expect this: 51% of customers expect companies to anticipate their needs and make relevant suggestions in 2020, according to the Salesforce report.

70% of consumers say a company's understanding of their individual needs influences their loyalty.

-Salesforce State of the Connected Customer Report

DEEPEN CUSTOMER RELATIONSHIPS AND BUILD BRAND AFFINITY

Omnichannel loyalty programs not only provide brands with additional data on their best customers, they also help deepen customer relationships and drive advocacy. Make your best customers feel valued and appreciated by offering access to one-of-a-kind rewards and experiences such as elite rankings, special events, and unique experiences. These benefits and perks drive emotional brand connections.

Emotionally connected, happy customers are more likely to recommend a brand to their friends and family.

Brand advocates are extremely valuable for your brand, given that 92% of consumers trust recommendations from people—even if they don't know them personally—over promotional content that comes directly from brands. In addition, people are four times more likely to buy when referred by a friend.

Research shows 83% of consumers are willing to refer after a positive experience—yet only 29% actually do. Brands with omnichannel loyalty programs make it easier for customers to do so by incorporating referrals as an engagement activity within the program that can be rewarded.

Satisfied customers are also more likely to share good experiences they have with a brand, and the data collected through a loyalty program helps to inform and activate those positive experiences. Brands can also leverage data from their loyalty program to identify and incent their best customers and target them with refer-a-friend campaigns, driving customer acquisition of look-alike audiences.

The benefits that brand advocacy brings to a company are immeasurable. Customer endorsement and influence have more reach and effectiveness than any ad campaign a company could run. By adopting a loyalty program, brands have the ability to drive greater brand advocacy, expand their reach, and gain new business.

> 92% of consumers trust recommendations from people—even if they don't know them personally—over promotional content that comes directly from brands.
>
> **-CrowdTwist research**

Case in Point

SLEEP NUMBER ENGAGEMENT PROGRAM DRIVES REFERRALS

Sleep Number, which sells beds and bedding, focuses on creating an air of exclusivity with its loyalty program. Customers who buy beds become a member of InnerCircle, a tiered loyalty program that keeps members engaged between purchases by rewarding them for various activities, including filling out surveys, reading blog posts, and writing product reviews.

Sleep Number knows exactly how to leverage its enthusiastic customer base to turn customers into advocates and influencers. They recently launched a partnership with the NFL to offer every player in the league a smart bed with Sleep IQ technology. The insights captured are tied back into the players' overall performance regimens to understand how better sleep impacts their on-field performance. As a result of the partnership, many NFL players have also joined the brand's loyalty program. This audience has proven to be highly engaged, referring family members and friends, sharing their experiences with the company's products across their social media feeds, and, in some cases, enjoying exclusive access to live events.

Sleep Number also hosts in-store events that motivate loyalty members to pass along discounts to friends and family and even rewards program members with bonuses for making referrals.

CREATE SEAMLESS OMNICHANNEL EXPERIENCES THAT KEEP THE BRAND TOP OF MIND

Despite the rise in ecommerce stores and sales, brick-and-mortar still delivers the majority of retail sales (approximately 90% during Q3 2018 according to the U.S. Department of Commerce). Loyalty programs provide data and insight that help brands connect shoppers across the retailer's in-store and online properties.

Retailers can leverage the data from loyalty programs to create better in-store shopping experiences. For example, when customers enter a store, they can and should be engaged by knowledgeable and helpful associates. The associate's knowledge of the customer comes from data that the customer has shared as part of a loyalty program. This data helps the associate to establish relationships with customers based on their preferences, behaviors, and purchases. It also enables an associate to potentially educate the customer and upsell, inspiring the customer to expand the product lines they purchase.

The in-store experience can and should leave customers feeling acknowledged by the brand for their relationship. CrowdTwist research finds that while most consumers prefer to shop online, 41% still enjoy the in-store shopping experience. According to Salesforce, 69% of consumers say that personalized customer care influences their loyalty to a brand. When retailers provide a personalized, exceptional, one-to-one level of service, they make customers feel valued and appreciated for choosing their product and assure them that they have made the right purchasing decision.

Loyalty programs can provide retailers with in-store solutions. A total of 76% of consumers want to be rewarded for walking into a store as part of a loyalty program, according to CrowdTwist research.

Leveraging location-based technology, loyalty programs can reward customers for entering a store. They can even send push notifications to customers as they browse, alert them of in-store promotions, or let them know where to find products in which they have indicated interest. Each of these techniques helps create a personalized in-store customer shopping experience.

> 76% of consumers want to be rewarded for walking into a store as part of a loyalty program.

Cases in Point

ZUMIEZ REWARDS MEMBERS FOR VISITING STORE

A leading specialty retailer of apparel, footwear, and accessories, Zumiez incentivizes multiple methods of engaging with the brand for members of its loyalty program, The Zumiez Stash. One way is by offering points to members just for walking into a store, a benefit that leverages the program's app and geofencing technology. Store associates are informed each time a loyalty member walks in and are able to provide highly personal interactions and experiences.

NORDSTROM'S CO-SHOPPING PAIRS CUSTOMERS AND ASSOCIATES

Nordstrom, one of America's best-known fashion retailers, uses big data to enhance customer experiences. It is pioneering "co-shopping," a concept where customers and sales staff "shop together" inside all its stores. The company uses sensors and Wi-Fi to track who comes into the store, which sections they visit, and for how long. Nordstrom also integrates online and in-store inventory, so customers know where and when to find the items they want. It also uses purchase and preference data from its loyalty program, The Nordy Club, to improve marketing and product design and optimize ad spend.

GAIN A COMPETITIVE ADVANTAGE AND MAKE CUSTOMER-LED BUSINESS DECISIONS

Analyzing the data gained via a customer loyalty program provides retailers with valuable insights about the customers who drive the most revenue for their business. When armed with this data, CMOs are able to be both proactive and reactive to real-time engagement behavior.

When brand marketers act upon this data, they can make more informed and intelligent customer-led business decisions about where to spend their marketing budget to get the most impact. By leveraging loyalty program data, brands can effectively map the customer journey and identify customer pain points. By resolving those point points, brands can cultivate experiences that cater to their best customers and make concerted efforts to acquire their most profitable audiences. In addition, the cultivation and retention of loyal consumers inevitably provides the brand with a competitive edge that isn't based on driving prices down.

In addition, digitally native retailers focused on building out an offline presence can leverage loyalty program data to inform where to open brick-and-mortar stores.

> The cultivation and retention of loyal customers inevitably provides the brand with a competitive edge.

Cases in Point

NIKE NYC FLAGSHIP STORE SEAMLESSLY BLENDS ONLINE AND IN-STORE EXPERIENCES

Throughout its six-story flagship store on the corner of Fifth Avenue and 52nd Street, Nike NYC creates a unique and personalized in-store experience. It includes the Nike Speed Shop, an entire floor that uses customer data to stock its shelves based on online sales within the store's postal code.

MACY'S USES DATA TO REMOVE PURCHASE BARRIERS AND INCREASE SALES

After revamping its Star Rewards program late in 2017, Macy's found that its customers were reluctant to open up a store credit card to join. So in early 2018, Macy's created a bronze-level membership, allowing customers to join Star Rewards without signing up for a store credit card. These changes led to a 50% year-over-year sales increase for the first half of 2018.

CONCLUSION

When brands successfully use the data collected from their engagement program, they help develop long-term relationships with customers, build emotional loyalty, and create higher value for both parties.

The emergence of engagement-based loyalty programs gives retail brands fresh opportunities to collect data and incentivize for actions that go beyond purchase. The goal today is to leverage that data to create personalized, omnichannel experiences that "wow" customers. Each customer interaction offers an opportunity for brands to follow through on insights gained, and doing so can turn fickle shoppers into loyal customers even in today's ultra-competitive landscape.

LEARN MORE

Oracle CrowdTwist

Oracle CrowdTwist customer loyalty platform enables brands to unlock unique insights and incremental value through omnichannel engagement. A flexible SaaS solution, Oracle CrowdTwist leverages AI technology and predictive analytics to deepen brand-customer relationships and build emotional bonds. Forrester recognized the platform as a Leader in "The Forrester Wave: Loyalty Technology Platforms, Q2 2019."

Retail TouchPoints

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of three weekly newsletters, insightful editorial blog, special reports, web seminars, exclusive benchmark research, and a content-rich web site featuring daily news updates and multi-media interviews at www.retailtouchpoints.com. The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.

The goal for retailers is to leverage loyalty data to create personalized experiences that "wow" customers.

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