

## Loyalty focus: How the world's experts see customer loyalty developing

We've been talking to experts on customer loyalty marketing from all over the world, and asking them what direction they think the industry is taking, and what changes need to be made if customer loyalty is to be assured in the future.

### Striking the right balance between message and reward...

Gordon Cooper of TCC Retail Marketing in the USA told us that loyalty marketers have to strike the right balance to achieve a real ROI on their investment. Many marketers still see a customer loyalty programme as being a way of killing three birds with one stone:

Bird 1: They see it as a way of garnering useful customer and transactional data that can be used for basket analysis, targeted promotions, and relationship building;

Bird 2: They see it as a simple and effective way of rewarding customers to allow them access to their personal data;

Bird 3: They see it as a way of (hopefully) increasing same-store sales by enough of a margin to not only justify the programme's existence but also to increase profits.

But, for many, a true return on their marketing investment is yet to become a reality, remaining something of an elusive quest, with only a few delivering the expected ROI in the anticipated time frame. American Express and UK supermarket Tesco come to mind as being two businesses that have got the right balance between a clear message and a worthwhile and exclusive reward structure. These companies are doing what marketers are striving for: targeting better (more profitable and loyal) customer behaviour - and achieving it.

### Ultimate personalisation of the shopping experience...

According to [Gary Hawkins of Hawkins Strategic, and CEO for the NY-based Green Hills supermarket](#), the possibilities of a truly individualised shopping experience are endless: For a moment, forget your industry experience and knowledge and imagine what form a truly individualised shopping experience could take. Your recent visit to the doctor confirms it's time to lose weight. And, now that your last child has moved out, it's just the two of you at mealtime. Going to your food store's website you peruse information related to different diet plans, deciding on the low-carb diet your doctor suggested. Clicking to select this as a diet preference, you also enrol in the "Just for the Two of You" shopping plan, indicating your interest in small package sizes.

A minute later an e-mail arrives to confirm your new choices are in effect, and provides a link to your personalised webpage. Logging in, you are presented with several recipe ideas to get you started on your diet plan. You then click over to the weekly specials to find an electronic ad flyer, filled with low-carb products in small package sizes priced specifically for you. By clicking on the flyer items you can automatically add them to your weekly shopping list, kept on the store's website. Satisfied with your list, you click over to the "Rewards" tab and see that your spending towards a free set of cookware stands at over 90%. As the programme ends in just a few days, you decide to shop tomorrow.

During work the next day you remember several other items you need from the store. Accessing the web, you again sign in to your personalised webpage and add the items. While there, you notice your spouse has logged in and created a "Party List" with supplies you will require for this weekend's dinner company. After work you head over to the store, and walking through the front door you head to a kiosk where a scan of your fingerprint

calls up your shopping lists. You take another look at your personalised specials while there, selecting some last minute additions, and decide to print one of the suggested recipes as well. You are also informed the store is offering you a free bouquet of flowers (a nice surprise for your spouse) for purchasing a specific brand of laundry detergent on your last visit. (The retailer and CPG have successfully partnered in rewarding mutual best shoppers.)

Having shopped, you again scan your finger at the checkout to trigger your special pricing and call up payment options; selecting your credit card you pay without ever touching your wallet. On the bottom of your receipt is a note you will receive a 5% discount on your next shopping trip (handled electronically), just because you're a valued customer. A few weeks later a letter from the store invites you to participate in a focus group made up of shoppers with similar interests and needs. During the meeting, lifestyle group managers work with you to identify other products the store should carry; in turn they work with category buyers to improve selection in the areas of interest. As new products relevant to your lifestyle needs are brought into the store, you are notified of them by email and through your personalised webpage and kiosk.

Can this really happen? Yes indeed. This will soon be a typical customer's shopping experience at Green Hills. This kind of personalised marketing has been nicknamed the 'iRetail Experience' by Hawkins and his team.

#### **More developments from the world's retail loyalty experts...**

But there's a lot more to think about. Today we've seen a few ideas from two of the twenty loyalty experts featured in The Loyalty Guide Volume II (The Wise Marketer's 950 page guide to customer loyalty worldwide). And the rest of the report goes on to explain every aspect of customer loyalty, best practices, concepts, models and innovations, all backed up with case studies, original research, illustrations, charts, graphs, tables, and presentation material. Find out about the principles, practicalities, metrics, analysis, and bottom-line effects of loyalty, and gain the expert guidance of dozens of loyalty and relationship marketing thought-leaders, worldwide.

The report explains exactly how to use existing customer data to best effect, increase customer profitability, reduce churn, and monitor and increase customer frequency, spend, and share of wallet. All the world's major loyalty initiatives are detailed, studied, and summarised for you. Find out where others are succeeding, what works (and just as importantly what doesn't) and why. The report's executive summary, table of contents, downloadable samplers, and pricing/ordering information are all online at <http://www.theloyaltyguide.com/volume2>

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