

SNIPP!

3 REASONS WHY YOU NEED TO  
**REIMAGINE YOUR  
LOYALTY STRATEGY**  
(AND HOW TO DO IT)



The loyalty industry is about to experience a massive disruption. A perfect storm of three macro trends is upon us that will change how brands inspire enduring loyalty forever. To remain relevant to members and ensure everlasting loyalty, marketers need to begin planning for these changes now.

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# 01 THE RISE OF THE INTERNET OF EVERYTHING

The internet changed everything for marketers and consumers alike. Some tend to think of the internet as being an additional sales channel that consumers access via a computer and more recently, a mobile phone or tablet. But it's so much more – a consumer convenience revolution that has been and will continue to transform the everyday lives of us all.



The Internet of Everything is truly the “Next Big Thing.”

<p>Ten Years Ago: 1 Billion “things” connected to the Internet</p>	<p>This brought about:</p> <p>The rise of the online shopper</p> <p>Marketers attempting to integrate ecommerce sales with existing brick and mortar loyalty programs</p>	<p>Last Year: 5 Billion “things” connected to the internet</p> <p>Adding mobile phones and tablets</p>
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**What's next?** Analysts forecast that there will be anywhere from **21 TO 75 BILLION “THINGS” CONNECTED TO THE INTERNET BY 2020**

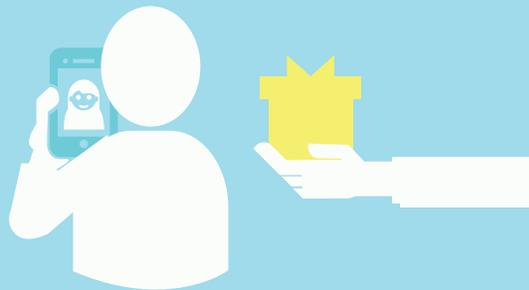
This includes virtually “everything” that consumers engage with every day including appliances & kitchen gadgets, vehicles, furniture, clothing & accessories, TVs, houses, medical devices, consumables, home gardens, entertainment systems, brick & mortar stores, you name it.





If you look around, you'll see that it's already starting to happen (i.e. Fitbit, Apple Watch, Google Nest, Amazon Echo & Alexa, Microsoft's Xbox and Ford Sync).

Consumers will be spending more time engaging with these “things”, taking attention away from your loyalty program and brand. If you're not creating unique experiences with loyal customers that involve the Internet of Everything, loyal customers won't be thinking of you.



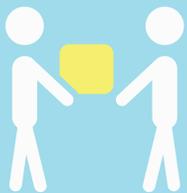
## So what's a loyalty marketer to do?

Integrating ecommerce and mobile into existing loyalty programs has been expensive and challenging for many, so the idea of connecting to virtually everything can be overwhelming.

But this is truly the opportunity to reimagine your loyalty program. Don't think about next year, but five years from now. What kind of experiences do you want to create for your members? Which soon-to-be connected or already-connected “things” play a part of that experience? In which contexts is your brand relevant? The possibilities are endless. Identify what you envision these experiences to be and then work with your technology partners to make it a reality.



# 02 COLLABORATIVE CONSUMPTION AND THE NEW SHARING ECONOMY



The post-2008 US economy combined with a growing population acclimated to the concepts of sharing and conservation gave birth to this new Collaborate Consumption movement.

As a result, a new Sharing Economy has risen with entrepreneurs like **Uber, Etsy, eBay, GoFundMe, Airbnb** and others which have disrupted the marketplace and stolen market share from more traditional companies.



**80 million**  
people in the US have participated in the sharing economy.

Source: CROWD COMPANIES

By 2025, the sharing economy will represent **\$335 billion** in consumer spending in the US.

Finding a place in this type of consumption and consumer mindset will be increasingly important in the future for brands.

## So what to do?



First, consider partner opportunities with complementary brands in this space. For instance, the ability to use points on **Uber** credits.



Second, consider allowing the ability for members to collaboratively earn and accrue toward a reward – or borrow loyalty currency from others so they can earn the reward.

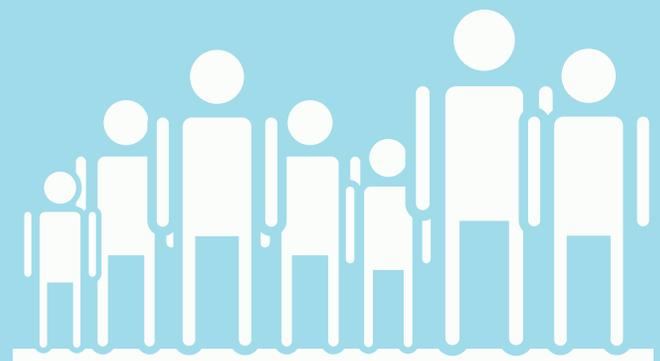


Third, consider rewarding consumers for purchasing and engaging with your brand when it's already in the shared economy.

Remember, just because it was not purchased new doesn't mean that the consumer doesn't love your brand or won't advocate for it.

## 03 THE GREAT CONSUMER LANDSCAPE SHIFT

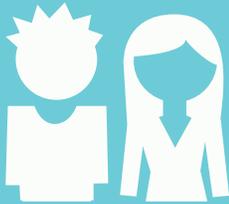
The last 10 years has brought significant changes in the demographic/psychographic landscape in the US that has had a profound effect on buying habits, consumer expectations and what consumers perceive as being valuable. The next 10 years will be even more drastic.



While some of the psychographic changes will be (and have been) a result of the above two mentioned macro trends, demographic shifts are equally significant.

## By 2025

The Millennial generation  
will comprise  
**26.2%**  
of the population.



They are unlike previous generations as there are few common psychographic characteristics, making it more difficult for marketers to engage with versus previous generations.

Source: FROST & SULLIVAN

The number of foreign-born individuals  
in the US is expected to reach  
**15%**  
of the total population.



That is the highest in history. The last time the number of foreign-born individuals got close to that percentage was in 1910 (14.7%).

The concept of “Not all customers are created equal” applies not just to how much they spend with a brand but also to a customer’s personal experiences. The psychology of loyalty teaches that people’s behavior or actions are a direct result of their individual beliefs. Beliefs are formed through experiences. Greater diversity of the consumer landscape – a consumer landscape that will have a diversity of personal experiences – will demand hyper-personalization of messages, benefits and rewards.



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