



THREE REASONS WHY CPG COMPANIES CAN FINALLY HAVE LOYALTY PROGRAMS

WHITE PAPER

Loyalty in the CPG landscape is unique; in general, loyalty programs are often associated with big ticket items and large purchase thresholds. However, the current marketing environment is beginning to see an upheaval of the kinds of products and brands that are adopting loyalty programs.

With this paradigm shift comes the promise of exciting new ways for brands to be able to connect to their consumers long term, but also presents a new set of challenges and obstacles to overcome to ensure the best possible loyalty strategy is in place.



In this guide, we'll cover the top three challenges facing CPG brands today, and the solutions that can help create an effective loyalty program.

CHALLENGE #1 CREATING A VALUE PROPOSITION THAT DRIVES ENROLMENT

Loyalty programs have existed for many years, but they are often associated with big ticket items. It is no surprise that spending hundreds of dollars at a retailer will earn a cash rebate, or to buy consistently from the same electronics manufacturer will eventually result in a free television; these are the kinds of loyalty value propositions that consumers have grown accustomed to.

Consumers are accustomed to loyalty propositions where spending hundreds of dollars at a retailer will earn them a cash rebate.



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In the CPG world, however, big rewards don't make sense. Consumer packaged goods do not carry the same hefty price tags, which means margins on rewards are a lot thinner. Some CPG brands are even impulse buys; it wouldn't make much sense to give consumers an iPad after a year of buying chocolate bars, when clearly the total spend is significantly less than the cost of the reward.



THE SOLUTION

Quite simply, brands looking to entice consumers with their loyalty program need to offer **appealing and value-add rewards**. They should look at reward partnerships and low cost, but high perceived value, rewards such as digital rewards or virtual currencies.

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The benefits of value-added rewards are:



Encouraging customers to identify themselves in order to record transactional data and responsiveness to campaigns.



Persuading consumers to impart information such as personal data, lifestyle information, attitudinal data (surveys).



Incentivizing a change in behaviour so consumers visit more frequently, spend more, and buy specific products.



Not undermining brand value or profits through unnecessary discounting.



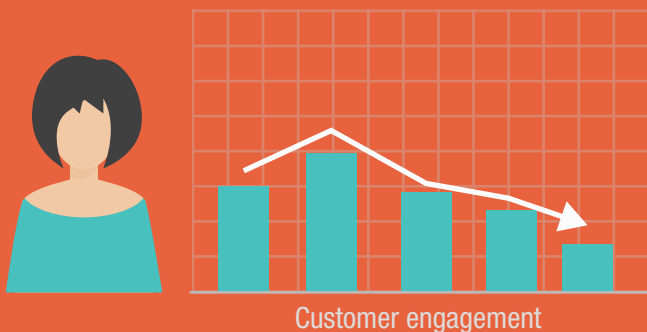
In addition, sign-up bonuses and redemption options like pay with points (in part or for the total purchase), points to gift card, or points transfer make a loyalty program attractive to a consumer.



CHALLENGE #2 KEEPING ENGAGEMENT HIGH AFTER INITIAL ENROLMENT

Once a consumer enrolls in a loyalty program, brands can struggle with keeping their consumers engaged and active. True engagement is difficult - a loyalty program's ultimate goal is to create a positive experience for consumers while they participate over the long term, and to have these positive experiences transform into positive feelings towards your brand, ultimately ingraining deep loyalty in the minds of shoppers.

Lack of engagement and participation in their programs can occur.



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Since loyalty in the CPG industry is so new, brands without the right strategic direction can struggle to create true, deep relationships with their consumers, and the first symptom of this is often the lack of engagement and participation in their programs.



THE SOLUTION

The solution to battling low participation and engagement is multifaceted: brands need a combination of the right engagement and promotion activities, earning opportunities, rewards and both consistent and relevant communication.

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ACTIVITIES & PROMOTIONS

Activities and promotions must be fun, engaging and offer a chance for the member to connect to the brand or become a part of a community. The ultimate goal is to keep members thinking of a brand before and even after purchase. So what can a CPG brand consider? Think social interactions - likes, comments, follows or hashtags - and also gamification activities like spin the wheel, competitions like sweepstakes, watching videos, product reviews, or user-generated content like photo contests.

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A program should reward both transactions and engagement.



REWARDS

Rewards play an important part in a CPG loyalty program. A program should reward both transactions and engagement, and have clever partnerships to provide great rewards. Without these, members won't feel the need to engage.

COMMUNICATION

Even with the right activities, promotions and rewards, a loyalty program will not survive without communication. Lack of, infrequent or irrelevant communication can all be deadly to a loyalty program – especially when personalization is ignored and members lose their feeling of exclusivity.

Communication has to be 'CCC'

- ✓ Clear
- ✓ Compelling (interesting and aligned with the behaviors and attitudes of your target consumer)
- ✓ Consistent over all channels



CHALLENGE #3 CREATING A DATA SOURCE FOR FUTURE MARKETING

Now that consumers have been enrolled and are actively participating, it's time to glean information from this participation to inform future learnings and marketing efforts. In the standard loyalty program arena, this isn't too difficult to do; big retail chains have internal POS systems to collect customer data; big ticket electronics brands have online registration systems and can afford to put a unique serial number on each product. For a CPG brand, how does purchase and participation in a loyalty program get tracked?

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How can engagement be measured, and all that relevant data distilled from purchases of smaller value products? Up until now, there hasn't been too many solutions. One of the major ways of proving purchase and collecting data was entering a code that was printed on a package. This is expensive for brands, inconvenient for consumers, and only gives information on the product that was sold. It leaves a treasure trove of data lost and forever inaccessible.



THE SOLUTION

Advances in technology have led to innovative ways of collecting data. Receipt processing solutions, such as SnippCheck, allow brands to finally own purchase data and gain valuable insights of their consumers, all while offering a seamless customer experience.

SNIPPcheck! allows brands to finally own purchase data and gain valuable insights of their consumers.



The data that stems from this technology includes all basket data (not just limited to the brand purchase) alongside purchase location, date and time; creating a comprehensive profile of the shopper.

How does it work? Consumers simply snap a photo of their receipt and either text, email or upload their receipt to a promotional website, where, through optical character recognition technologies, the receipt is processed and if proven to be valid, allows the consumer to redeem and earn points towards a reward.

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CONCLUSION

As with any innovation, initial challenges and obstacles will inherently arise. This should not deter CPG brands from entering the loyalty realm; in fact, now more than ever do CPG brands need to begin building loyalty with their consumers, as first movers and early adopters stand to reap huge benefits and gains. The challenges that face brands looking to initiate loyalty programs are surmountable with the right blend of creativity, strategy, and technology. Under this perspective, the right loyalty partner becomes an integral component of loyalty program success for CPG brands. Ultimately, putting the pieces together correctly will result in a winning program that keeps your consumers engaged, excited, and, of course, loyal.

CONTACT US

✉ lets.talk@snipp.com

🌐 www.snipp.com

f www.facebook.com/Snipplnc

t www.twitter.com/snippinc

in www.linkedin.com/company/snipp

Snipp is a global loyalty and promotions company with a singular focus: to develop disruptive engagement platforms that generate insights and drive sales. Our solutions include shopper marketing promotions, loyalty, rewards, rebates and data analytics, all of which are seamlessly integrated to provide a one-stop marketing technology platform. We also provide the services and expertise to design, execute and promote client programs. SnippCheck, our receipt processing engine, is the market leader for receipt-based purchase validation; SnippLoyalty is the only unified loyalty solution in the market for CPG brands. Snipp has powered hundreds of programs for Fortune 1000 brands and world-class agencies and partners.