

SNIPP!



OUTTAKES FROM THE

LOYALTY "BLOOPER REEL"

THAT WILL HAVE YOU

CALLING FOR "TAKE TWO"

LOYALTY is the watchword for brands: How to build it, how to sustain it, how to monetize it. We all know the value of loyal customers, and companies now spend billions each year incentivizing them to stick around -- 90% through some form of a loyalty program. Some of these programs have seen great success, while others... well, others have provided us with lessons learned... 'bloopers', if you will. And while bloopers can be funny to watch at the end of a cheesy movie, when it comes to loyalty programs they can be disastrous.

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Accenture's 2017 research reveals that 77% of consumers admit they now retract their loyalty more quickly than they did three years ago.

Loyalty, clearly, is hard won and easily lost. When a consumer has a blooper experience with a loyalty program, it can be a daunting task to win them back. This paper will identify some of the most common "outtakes", gaffes, and otherwise head-hanging mistakes that brands have made – and how they can be salvaged with a well-thought out "reshoot". The following are some of the most common mistakes that we have seen:

NOT HAVING A GOOD (REWARDS) HOOK

Let's face it -- loyalty programs live and die by the strength of their rewards offerings. Generic, uninspired rewards and bland perks can be a sure-fire way to earn a spot on the blooper reel. Worse, they can be active turn-offs, limiting a program's ability to attract and retain customers. According to Colloquy's annual census, 53% of loyalty program members abandon ship because of uninteresting rewards.

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MARKS & SPENCER

Marks & Spencer's 'Sparks' rewards program allows members to earn points at an accelerated pace, but the eventual reward offerings are underwhelming: 3,000 sparks for a preview of new season stock; 17,000 sparks to simply enter competitions, etc. So there's little incentive for an occasional customer to sign up, and loyal ones wait too long to see too few benefits. 🙄



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**HAVE EXPANSIVE
REWARD OPTIONS**

Consumers know their worth, and expect loyalty programs to do the work of understanding their preferences and tailoring rewards that they would find truly aspirational -- way beyond just discounts and deals:



North Face VI Peak Rewards Program is an example of thinking outside the box when it comes to rewards, and offering members the kinds of rewards that appeal to their specific interests and keep them engaged. Members can opt to use their points towards unique, once-in-a-lifetime travel experiences, like mountain climbing adventures in Nepal. 



Snipp worked with Busch to create a loyalty program that transcended traditional rewards into the realm of deep consumer lifestyle tie-ins, such as charity donations and environmental conservation efforts. 

**LET THE CUSTOMER DRIVE
REWARD CHOICES**

Giving customers the option to choose their rewards can be a huge loyalty booster:



Gas/convenience retailer Speedway's Speedy Rewards members control much of their experience by choosing their own Monthly Perks and then making qualifying purchases toward earning those perks. 

Waitrose

UK retailer Waitrose's MyWaitrose loyalty scheme members are able to choose 10 items from a list of almost 1,000 on which they receive a regular 20% discount. 

DELAYING (OR EVEN DENYING) THE EMOTIONAL PAYOFF

Not only do the reward offerings matter, but studies show that the process of earning them can make or break a customer relationship. Making consumers jump through hoops to earn points, changing the value of points, or allowing points to expire too quickly, effectively penalize loyal customers in ways they aren't likely to forget – and can destroy any goodwill that may have been accumulated over the years. The most frequent complaints are that points take too long to earn (according to 57% of program members), and that they expire too soon. Brands should wake up and realize that customers who don't hit targets to qualify for rewards are apt to hold it against them, and make fewer subsequent purchases.

57% of program members' most frequent complaints are that points take too long to earn.

Sainsbury's

Sainsbury's created an uproar when it halved the number of points awarded within its loyalty program, making points accumulation and rewards redemption a much longer process. Disgruntled shoppers took to social media sites to voice their anger over the cuts, with some shoppers even switching to competitor brands. 🗑️



Air Miles received enormous negative attention for their rewards program, which created roadblocks to redeeming soon-to-expire miles and blocked many members from accessing some rewards. Having their points expire without enough warning and not providing all members with the same reward options made for litigious loyalty members – and a class action lawsuit. 🗑️



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OFFER POINTS FOR MORE THAN PURCHASES

One of the most common and disastrous loyalty mistakes is the practice of only rewarding transactions. That not only limits engagement with customers (who feel like they only matter when they buy stuff), but also fails to acknowledge and encourage advocacy actions that can be vital to long term loyalty, like social sharing, store check-ins, writing product reviews, referring friends, etc... and even lifestyle-related behaviors that engender positive feelings towards the brand.

REMIND LOYALTY MEMBERS TO REDEEM

Being responsive is not enough to promote loyalty programs should send regular reports or follow-up by checking in from time to time.

A study from Strativity showed that frequency of interaction builds loyalty and advocacy: Daily communication can increase loyalty by 87 percent; weekly interaction by 64%, monthly by 49% and even just a few times a year can increase loyalty and advocacy by 33%. Send personalized messages on special occasions, such as birthdays and anniversaries; Provide customers with consistent updates on the points they've earned, how they can be redeemed, and how to earn more points with your rewards program.

Walgreens

Walgreens rewards shoppers not just for purchases and prescription refills, but also for living healthier lifestyles. Users can link their fitness tracker devices to Walgreens' loyalty program and receive points by completing activities like running, weight tracking, testing their blood pressure, and more. 

Zappos

Zappos' rewards program encourages customers to engage by offering loyalty points for logging in to their web site, writing reviews, or downloading an app. Their goal is to "increase interactions, not just transactions", betting that a deeper level of engagement will lead to high customer satisfaction, and therefore more purchases. 

SEPHORA

At Sephora, for example, rewards program members receive surprise notifications when they've earned enough points to visit the store for a free makeover, in addition to coupons and similar special offers. 

UNDERESTIMATING THE (LOYAL) AUDIENCE

Many programs make the mistake of treating their members the same irrespective of their purchase frequency and amount – or overvaluing new members against longstanding ones. One of the main reasons to implement a loyalty program is to identify high value customers, because they're the ones that can literally keep a company afloat: Retail behemoth Macy's recently revealed that 9% of its customers account for 46% of its annual sales. But many loyalty programs do not utilize their data to design membership experiences accordingly. As far as bloopers go, this is a big one. Customers who have invested heavily in a company expect bigger rewards in return; denying them this acknowledgement can engender disappointment, and even resentment.

57% of program members' most frequent complaints are that points take too long to earn



Ikea Family, the global furnishing company's loyalty program, rewards customers only with discounts on select products and throw-ins like free coffee. There is no points system, thus no accumulation based on spend - - so members that spend tens of thousands of dollars over several years receive the same rewards as occasional buyers. 

mbna

MBNA Canada's PremierRewards program gives 1% back on retail purchases, regardless of how much is spent overall. The program has no above-the-line differentiation for high value customers, treating everyone exactly the same. 



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Make sure that loyalty members perceive their experience with the brand as better than that of non-member customers – and that high value members experience the preferential treatment they expect and deserve. Get granular to identify the customers who are really valuable, and lock them in with:

TIERED STRUCTURES

Tiered structures that reward and distinguish loyal customers from the occasional shopper based on amount spent, or additional strategic thresholds.

Neiman Marcus

Neiman Marcus's InCircle Rewards program has 7 tiers, with its highest value members receiving perks that track with their spend amounts (i.e. huge!), including concierge services and consultations to which very few have access. And that's the point. 

PERSONALIZED PERKS

Customers desire to be recognized and rewarded as individuals, not as nameless, faceless points collectors: 49% of U.S. consumers feel loyal to brands that present them with personalized offerings and tokens of appreciation for their loyalty.

ULTA
BEAUTY

Salon chain and retailer Ulta Beauty uses its loyalty program data for customizing loyalty perks, based on individual member profiles, in order to deepen emotional connection with their customers. The strategy appears to be working -- the program's 21.7 million active members now generate more than 90% of Ulta's overall sales. 

IGNORING CONTINUITY (of Experience)

Although brands work hard to ensure that their branding is consistent across their packaging and messaging, when it comes to the loyalty program experience, continuity is often an afterthought. Often, loyalty programs operate as separate entities entirely, with multiple logins,

38% of U.S. loyalty program participants left a program because it sent too many "irrelevant" communications, and **36%** did so because they deemed the communications they received to be irrelevant -- a great reminder about the importance of a judicious marketing communications strategy.

82% of consumers who switch brands say that companies could have retained them with more unified cross-channel experiences.

channel-specific authentications, and sometimes even a separate domain to engage with the program, making the entire experience a nuisance. Continuity of the overall loyalty experience – in terms of tone, offerings, and message - across all channels, is especially vital to keeping members coming back.



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ENABLE OMNI-CHANNEL INTERACTIONS

Enable customers to earn, track, and redeem rewards no matter what channel they're using -- i.e. brick and mortar, ecommerce, social media, and mobile -- or what method of payment they choose. According to the Harvard Business Review, omni-channel customers “spend an average of 4% more on every shopping occasion in store and 10% more online than single-channel customers.” That’s too big an opportunity to ignore.

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NORDSTROM

Nordstrom changed its rewards program so members could earn points regardless of how they pay. The change, which eliminates the requirement to register for a Nordstrom credit card to earn points toward rewards, resulted in 3.7 million new memberships. 

CVS

CVS' ExtraCare Rewards program lets customers earn “ExtraBucks” from brick-and-mortar, web, and mobile purchases, and also enables members to track their savings and points by logging in online, using their mobile app, or by asking the cashier at a brick-and-mortar branch. 

FOLLOW THE CUSTOMER JOURNEY

By “following” members as they switch from one channel to the other, loyalty programs can better understand and personalize their interactions with them -- and avoid situations where inconsistent and off-putting standardized messages are sent out. . . for example, a menswear customer would not get targeted ads for women’s handbags.

FORGETTING THE HUMAN ANGLE (In Customer Service)

Great loyalty programs should put member experience at the center of all their efforts – but when loyalty program members have grievances, they’re often at a loss as to how to make themselves heard. Most companies have invested much more in sales and marketing than they have in the delivery of top-notch customer service, and all too often a general company hotline does not know enough about the specifics of the loyalty program to be of help. This blooper is traditionally

overplayed – to major detriment. When a customer is wronged or disappointed, they feel the need to be heard, and social media gives them a megaphone -- 44% of consumers admit taking to social channels in order to vent. As others hear about it, it can destroy a brand’s reputation and cause untold millions in PR damage.

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TRAIN CUSTOMER SERVICE REPS WELL

One of the major issues in how customer challenges are handled during the course of a service call arises when the customers are receiving assistance from a representative who is not familiar with the ins and outs of the loyalty program. Many companies simply recycle CS resources across all areas of their business. The problem is, with today's loyalty programs growing more sophisticated and multi-faceted, dedicated representatives who are specially trained on how to handle questions on the program need to be made available to customers in need.

IDENTIFY MEMBERS ACROSS ALL CHANNELS

Simple features can mean a lot for the customer experience - like ensuring that a single member ID can be used to identify the loyalty program member across all touchpoints. All channels should also make use of the data collected by the loyalty program to ensure that every touchpoint, as well as service agent, can call up the same, up-to-date data to resolve issues.

ENSURE PERSON-TO- PERSON CUSTOMER SUPPORT

One of the key mistakes companies make in customer service is losing sight of the importance of human interaction, which remains a vital component of customer satisfaction -- even in the 'digital age'. Many over-invest in digital technologies and channels and lose sight of the reality that nearly all customers-even digital ones-find in-person support ultimately more satisfying than online service experiences. 83% of U.S. consumers prefer dealing with human beings over digital channels to solve customer services issues.

Zappos

Zappos, the leading online shoe retailer, is renowned for their customer service. One reason is that it encourages their reps to spend as much time as needed with customers, rather than be focused on getting through each service call. It doesn't enforce call time tracking, and as a result has created happy customers who evangelize their experiences. 

RECYCLING THE SAME

OLD IDEAS

Many brands know how to get a consumer interested in a loyalty program by onboarding incentives; however, after that, their own interest can wane. It takes creativity, dedicated resources, and investments from IT and marketing to keep the program fresh with new features, content, and

data so it can remain top of mind. A successful loyalty program stays tuned to customers' ever-changing needs and re-evaluates offers frequently. Instead of approaching a loyalty program as a one-time set up, the overall mindset needs to change to realize that it requires constant updating, in order to refocus on a shifting opportunity landscape. Keeping customers in a virtuous loyalty loop is critical to spur both brand advocacy and sales.

INNOVATE CONSTANTLY

Innovation can be risky, whether because of cost or fear of alienating a current membership base, but companies that do take the innovation plunge can differentiate from competitors by keeping their customers constantly looking forward.

Since its launch, TrueBlue by JetBlue has consistently added new features to its program. It started with "Continuously Extending" points for members who spend a minimum amount, and most recently introduced Family Pooling, which allows families to combine their existing points into a shared account.

SURPRISE & DELIGHT

This is a huge part of a good loyalty program, in which milestones are rewarded during customer journeys, not just at their peak. 59% of consumers 'feel loyal' to brands offering them small rewards - like gift cards and personalized discounts - because of their loyalty.



The coffee shop chain, Prêt A Manger, occasionally (and unexpectedly) offering customers free drinks or food, is a clear example of "surprise and delight".

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ELIMINATE PAIN POINTS

Programs must go beyond an earn-and-burn scenario; the ones that keep customers loyal solve problems, ease customer pain points or answer unmet needs. The data generated by a loyalty program can help identify the pain points to eliminate and the passion points to amplify - and be a tool for eliminating friction in the customer experience.



Starbucks' My Starbucks Rewards identified an existing customer pain point: long lines. It created a prepay option to eliminate that barrier, by allowing members to purchase through their app, and pick up their order at the nearest Starbucks shop. 

DON'T BE AFRAID TO CALL FOR A "TAKE TWO"

The bloopers we've discussed offer some reasons why only 46% of U.S. loyalty program memberships are active. But experience tells us that there are still options for brands to win back disappointed members. According to Accenture, 80% of customers who left a brand felt that they could have been enticed to stay. Beyond the

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suggestions we've made above, brands would do well to have plans in place to win back members who have been put off by their mistakes. Ignoring a churned population is underusing valuable loyalty data and throwing money down the drain. Historical purchasing data can be used to personalize special offers to remind former loyalists of their support. Lancome, for example, entices customers back by offering them 100 loyalty points (equal to \$10) and a chance to express their reasons for leaving and thoughts on what would make them stay.

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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.

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