

# LASTING LOYALTY IN THE SMARTPHONE AGE

# INTRODUCTION

The era of the smartphone is well underway, as our ubiquitous handhelds are becoming more and more central to our daily lives. So central, in fact, that **89% of people look at their phones within an hour of waking up and almost as many check their phones before going to sleep ... not to mention the 5 hours a day spent with them in between!** And with smartphone penetration having increased to 82% overall, it's not just the Millennials and Gen Z types that are draining bandwidth -- the strongest usage growth is being seen among those aged 55 and older, making it a truly cross-generational tool. Brands are increasingly recognizing the golden opportunity that this level of smartphone dependency offers, and the potential it has to transform the loyalty space. The massive investments in mobile-enablement of loyalty programs is testament to this understanding.

## BRANDS INVESTING IN MOBILE LOYALTY ARE SEEING GAINS...



**64%** reported an increase in membership over the last year, with the addition of mobile components being the biggest reason



**62%** of customers make more store visits/ purchases because of mobile-enabled loyalty programs - up from 59% in 2016

## ... BUT THOSE THAT HAVEN'T ARE EXPERIENCING CUSTOMER DISSATISFACTION

The 2017 Colloquy industry audit identified

**3.8BN** individual loyalty memberships in the United States but only...

**46%** of these memberships are active...

### Why the lack of participation?



**26%** because the loyalty program did not offer a smartphone app



**43%** cited carrying loyalty cards as their number one pain point with loyalty programs

With over 70% of consumers saying they'd prefer to gain access to a loyalty program via a smartphone - in which they could store cards and redeem rewards - the loyalty landscape is increasingly being reshaped for mobile enablement. Some key trends are emerging in the wake of these changes, and Snipp has put together a handy guide for our brand and agency partners as they incorporate mobile tools into their loyalty programs.

## TREND

## 1

# Customers prefer mobile loyalty - but via the digital channel of their choice

Let's face it – smartphones have spoiled us with immediate gratification. We've been conditioned to expect instant information and instant communication, and now expect the same in all aspects of service delivery. In this era, brands that require consumers to rely on paper coupons, or cumbersome application and redemption processes will quickly become the dinosaurs of the digital age. Loyalty program members won't stick around if they have to do additional legwork to track, update or redeem their points.

**What affects brands the most is that when consumers find that their points have expired or an offer is no longer valid, more than half change or abandon their purchases.**

Mobile loyalty is opening up endless possibilities for loyalty programs to make this process easier for members, so that they never miss out on what they've earned. But brands have to keep in mind that the mobile access channels that work for one consumer may not work for another.

**Although apps are generating the most buzz, 70% of consumers are wary of having to download yet another retail app.**

For those who refuse to visit the app store, text message and mobile wallets offer low-friction ways to encourage participation:

## MOBILE MESSAGING:



**35%** of consumers choose texting as their preferred way of accessing a loyalty program, and many programs now offer simple, text-message based ways to gain loyalty points

**Kellogg's**, for example, utilizes Snipp's mobile platform to allow members to simply text in a photo of their purchase receipts, in order to claim special offers. Snipp's patented receipt processing software then does the work of validating and redeeming their claims.



**Busch** worked to create a holistic, easy to access loyalty program where members simply earn 'Busch Bucks' by snapping and uploading pictures of their receipts to prove purchase; these Busch Bucks – validated via Snipp's receipt processing platform -- can then be redeemed for a variety of lifestyle and value-add rewards, such as charity donations, environmental and sustainability conservation efforts, branded swag and merchandise, and more.



## TREND

1

...cont.

Customers prefer mobile loyalty - but via the digital channel of their choice

## MOBILE APPS:



choose apps as their preferred access point. Brands are increasingly focused on all-in-one mobile loyalty apps, as they're able to offer a single stop for members to check their balances, view and redeem offers, receive push notifications, integrate mobile wallets, as well as phone cameras for coupon/barcode scanning and receipt-based purchase validation.

**Virgin** has created a single, comprehensive loyalty app in an effort to create highly personalized experiences for program members across all its UK businesses. Members will be able to get offers and discounts for using Virgin services, and also for engaging with in-app content such as quizzes or competitions to win members-only prizes, e.g. a luxury holiday to Richard Branson's home in Morocco.



## MOBILE WALLETS:



of consumers prefer the humble, no-fuss mobile wallet - an inbuilt part of any smartphone. It may seem like they can only store digital cards, but advances in this technology now include location-based targeting options and messaging/push notifications as well. For loyalty programs, they allow a seamless way for customers to join up, and be reminded of their rewards as they enter a store.

## TREND 2

Social Media -  
a game  
changer in  
mobile loyalty!

Smartphones have had a huge impact on social media usage, with nearly



**80%** of all social media time now being spent on mobile.

It's vital, then, to tap into social media when building mobile loyalty. But marketers shouldn't make the mistake of assuming that 'clicks' and 'likes' are indicators that consumers are actively engaging with their brand - or becoming loyal customers. Millennials in particular have mostly transactional relationships with brands and retailers, using their social capital simply as a way to get deals and special offers. These brand-savvy consumers require far more persuasion to become emotionally invested in any particular brand, much less enthusiastically share and promote their loyalty via social media. To reach them, brands have to become a routine part of their social conversations, which means they have to become truly relevant to their lives – tailoring and personalizing offers in ways that go beyond ad hoc discounts.

The good news is that brands can tap into an abundance of social media data insights to create this kind of marketing relevance and whittle down what their target consumers are responding to...and then tailor their offerings accordingly. For example, research has found that



**27%** of millennials would stay in a loyalty program if it had a competitive game or social aspect, such as badges, leaderboards or communities.

Brands can quickly move to incorporate these elements into their programs and amplify their social standing. Focusing intently on social chatter around what makes consumers excited and enthusiastic enables agile brands to keep their loyalty programs relevant and consistently evolving.

**Taco Bell's** Explore game, part of its mobile app, expertly added gamification to social sharing to create an experience that kept users coming back. In addition to rewards for typical restaurant usage, it also rewarded users for sharing various "Live Mas" experiences on Facebook, Twitter and Instagram - even for events that had nothing to do with Taco Bell. In a bid to get users to incorporate the app into their daily lives, those who shared photos and experiences on social media could unlock pieces of puzzles and compete to win prizes and trips.



## TREND 3

## AI and IA are the future of mobile loyalty

In 2017, intelligent assistants such as Alexa (Amazon), Siri (Apple), and Google Assistant became truly ubiquitous, integrating with everyday apps and becoming part of our daily lives. By tapping into the vast amounts of data that mobile browsing behavior generates, artificial intelligence behind the scenes paints a picture of our individual likes and dislikes, and creates a consumer profile that enables highly personalized, highly targeted marketing messages and recommendations. Consumers get to interact with this intelligence via voice/chat enabled assistants that make shopping, searching and browsing more convenient and seamless than ever before – and they're getting used to it! According to recent statistics...



**people in the US report having used a voice-activated assistant device at least once a month. That's a jump of almost 130% over 2016.**

These kinds of intelligent assistants are a great fit for mobile loyalty programs, potentially integrating all the disparate threads of communication surrounding a single loyalty program member (from social media to online shopping, to brand interactions), in order to create truly personalized experiences, information and offers – with a simple voice prompt. There is a lot of enthusiasm around this potential, and **integration with such assistants ranks #1 with customers as the most important feature/benefit of a loyalty program** . Even though this feature is still a long way from being universally adopted, brands are increasingly recognizing the opportunity it provides.



**Marriott** plans to use artificial intelligence to give loyalty members highly personalized interactions via their loyalty app. Guests can expect their app to change content and displays depending on whether an upcoming stay is nearing, and be able to specify service requests before they even arrive at the hotel. Over the course of their stay, the app would continually customize content reflective of their interests and be a central hub for all activities .

## CONCLUSION

Brands have to lean in to the era of the smartphone. They are the most personal devices people own, and therefore the best vehicles for building loyalty with them. But in creating a great mobile experience, loyalty marketers still need to take an omni-channel approach and ensure that they also employ the complete range of mobile channels to allow consumers to join the program in the manner that works best for them. And, once they join, marketers have to ensure that the program keeps each member engaged over time by making it consistently easy to access, fun to participate in and share with others, and relevant/personalized in its offerings.

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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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