

## CUSTOMER LOYALTY IN TODAY'S WORLD

Businesses are moving away from mass, “push”-based marketing, and toward more personalized, 1-to-1 communication with consumers through the many channels and on the many devices they use. The effectiveness and ROAS (return on ad spend) of print media and television ads are on the decline.

This is a function of technology and culture, where ubiquitous mobile Internet access has greatly enhanced shoppers' deal-hunting abilities. Smartphones and tablets enable consumers to shop, redeem rewards, and browse the Web, while social media has given brands an open window into customers' lifestyles, providing insights into what motivates their loyalty.

Customer data analysis makes for improved loyalty programs—but technology can disrupt loyalty as much as it enables it. Too much multichannel marketing can become a bombardment.

Let's look at showrooming, for example. Most times retailers have feared it, with critics saying such practices undercut brick-and-mortar sales. But showrooming fears are fading as smartphone ubiquity becomes a fact of life and brands can increasingly turn it into an in-store advantage. A customer searching on his or her phone could be in need of in-store engagement. This is where genuine customer service, price flexibility, and price transparency are critical. A recent showrooming study found that if an in-store price was \$5 or more above Amazon's price, 63% would purchase online. The lesson is simple. Retailers must mind their prices, and, if possible, keep in range of online competitors.

But prices aren't everything. Quality customer service with helpful, friendly, and knowledgeable staff goes a long way in combating showrooming. And if high-value customers are near the threshold of a higher loyalty tier, sometimes the loyalty rules can be bent in their favor. This is a level of attentiveness online shopping has yet to master, but it's something brick-and-mortar stores are very good at and they need to do more to ensure their customers' loyalty.

One of the most critical ways technology is helping to revive customer loyalty is through the accumulation, analysis, and action of Big Data. Retailers collect terabytes of data from customers' daily behaviors and include everything from basket size to in-store visit frequency to their level of program and social media engagement. Sophisticated software analytics can evaluate this data and derive customer insights that marketers can use to improve brands' loyalty programs and the quality of their CRM programs.

Traditionally, brands have thought about loyalty in terms of single-merchant plastic cards complete with “buy one get one free” (BOGO) deals or apps that mimic coupon clipping. Now, however, brands and their loyalty program providers are focusing on creating platforms that adapt to existing ecosystems and enable marketing automation. This in turn enables loyalty managers to extend to all potential points of consumer engagement.

Giving customers true value—and greater incentives to instill brand loyalty

I often describe consumers as “brand-fickle and loyalty-suspect.” This means that today's consumers have powerful research tools at their fingertips and are extremely intelligent and skeptical of brand promises. The same goes for loyalty program members. If offers are irrelevant, retailers will risk program membership and engagement.

Brands, marketers, and retailers must do what they're supposed to: Attend to customer wants and needs on those customers' preferred channels. Moreover, they need customer insights that go beyond the sale, revealing how other aspects of their lives influence their brand loyalty. Big Data metrics help drive a more personalized customer experience—and drive rewards.

Keeping customers loyal isn't easy. Tech-savvy and time-strapped consumers crave instant rewards and genuine brand relationships cultivated across multiple channels. Sometimes those two needs yield contradictory results. But, as the above makes clear, each of today's loyalty challenges also contains part of the solution. The key is recognizing when customers' loyalty has gone astray and using the latest customer engagement technology to repair those fault lines before they widen irreparably.

Let's commit ourselves (and our loyalty programs) to be proactive rather than reactive. Research and investment in new technologies that help programs grow can make all the difference between a program that satisfies customers' demands and one that drives them away.

Here's to reviving loyalty from our customers!

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