



# FAILURE TO LAUNCH

How to Realize Executional Excellence to Ensure Loyalty Program Success

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It's one thing to catch the eye; it's another to hold the gaze.

In hopes of attracting the attention of today's demanding customers, marketers often spend inordinate amounts of time designing the "perfect" loyalty program for their brands. But the same consideration is not extended to how the program will actually be carried out, how its success will be measured, or how the enthusiasm will be maintained.

This short-term view of loyalty is the equivalent of spending hours creating and posting just the right online dating profile—without then using it to connect with others.

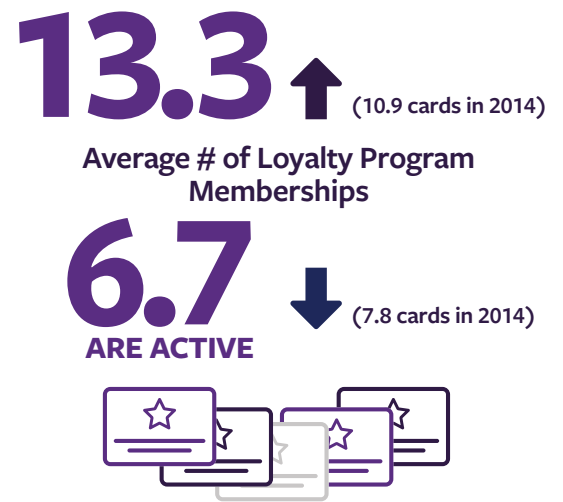
It's as true in business as it is in our personal lives: Relationships take ongoing commitment to thrive.



Before we arrive at some highly clickable “Top 10 List for Meeting and Keeping the Customer of Your Dreams,” let’s set the foundation with the latest statistics. Loyalty is a rapidly growing—and quickly changing—field. **In 2015, customers were enrolled in an average of 13.3 programs, up from 10.9 in 2014**, according to the Bond Brand Loyalty 2015 Loyalty Report.

Brands increasingly consider loyalty programs, whether formal or informal, to be table stakes, or minimum requirements for entry in the marketplace. But this is not the loyalty of yesteryear, based solely on points and rewards. Leading solutions now build loyalty across the entire customer experience spectrum.

With such proliferation of programs, customers are also experiencing loyalty program apathy and continue to expect more from their favorite brands. The statistics prove it—despite the increase in average enrollments, the average number of programs in which members are active (i.e., make a purchase) has not shown a corresponding increase to enrollment. It is clear that there is work to do to improve programs in the near future. More and more, customers seek consistency, relevance and personalization. One-size-fits-all is no longer a workable strategy—if it ever was.



**Forward-thinking brands, regardless of sector, must consider a number of key factors to build a lasting relationship:**

- Program design
- Member experience
- Measurement
- Executional excellence
- Technology
- Ongoing optimization

The best, most well thought-out loyalty solution design is simply not worth the paper it is written on if it cannot be executed with impeccable delivery to the customer.

## PROGRAM DESIGN

Make no mistake: Stellar program design is essential. But the best program isn’t likely to be a copy of the one that was most effective somewhere else. It must be closely aligned with the brand, relevant to customers, operationally feasible, and financially viable.

Brand alignment means that the attributes and personality of the brand are embodied in the loyalty program. In the retail sector, companies such as Sephora and Starbucks provide great examples, but the same element applies in sectors such as automotive, consumer goods and financial services. At their best, brand-aligned loyalty efforts are seamless at virtually every customer touch point.

Sadly, most brands miss the mark. In fact, the 2015 Loyalty Report found that only **57 percent of loyalty program members find their experience with the loyalty program and the brand to be consistent**. The result? Significant missed opportunity when it comes to the payoffs of brand-aligned programs.

These payoffs are not negligible. Brand-aligned programs result in three times the satisfaction among customers, six times increased likelihood to recommend, and eight times increased likelihood to continue doing business.

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## Brand-aligned programs result in...

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# 8x

Likelihood to continue  
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\*2014 Loyalty Report

As it pertains to relevant communications, there is a positive correlation between customer program satisfaction and relevancy of communications. Often brands experience a decline in customer engagement when they are no longer relevant to their audience. Think about segmenting, personalizing and treating members like a collection of individuals to ensure repeat purchase, advocacy and a longer lasting relationship.

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## Customer relevancy is a critical ingredient for success: the right message, delivered at the right time, through the right channel.

And when it comes to financial aspects, poor planning and lack of foresight in the beginning stages can lead to a less-than-optimal customer experience later on. Many brands have found themselves forced to introduce program restrictions to mitigate their financial exposure including:

- Expiration of points
- Blackout dates
- Increases in redemption levels
- Removal of redemption options
- Segregation of point types

If not properly and carefully implemented, these restrictions can all erode customer trust and satisfaction.

### EXECUTIONAL EXCELLENCE

In many cases, the distance between the offices of marketing and the operations staff is too far. Marketers can fall into the trap of missing executional realities—including the ability to turn front-line staff into evangelical brand ambassadors.

Neglecting to include front-line representatives and other key stakeholders early in the design process can lead to poor promotional execution of campaigns, unchecked accountability and other issues. There also can be a lack of clarity and continuity of expectations, especially with new hires. Then, as competing business priorities arise, the program becomes little more than a sideshow over time.

It doesn't have to be this way. Our recent Loyalty360/Bond Brand Loyalty webinar, **“Measure Twice, Cut Once—Get it Right From the Start!”** provided a case study of a leading North American retailer whose loyalty program has set an industry gold standard. It's not just that enrollment goals for the entire first year were met within the first month. It's also that front-line staff were and continue to be enthusiastic participants themselves, continuing to create excitement, share tips and engender loyalty with customers.

A number of crucial steps helped that happen:

- The program was initiated and sponsored with **senior approval and support to build a dedicated, cross-functional project team**. That team included representation from marketing, technology, operations, merchandising, legal and privacy, public relations, finance, and corporate strategy. Each cross-functional member had a seat and a vote at the strategic table during the design and implementation stages.
- Head office operations were **integrated with store operators**. Allowing operations to help discover and propose real-life solutions to challenges resulting in higher inclusion and less resistance.
- A **safe, collaborative environment** allowed all stakeholders to be accepted and heard. Marketers have two ears and one mouth, and used them in proportion.
- The **project team's marketing lead secured alignment** with the cross-functional team before seeking approval to pilot from the executive team.
- Field training was **led by operations and supported by marketing**. As those with “boots on the ground,” operations staff were given more control.
- **“Loyalty captains”** were designated in every store to be the contact for communications, customer service training and success metrics.
- The program was **opened to staff prior to the launch**. Employees were able to explore all the program had to offer, building excitement as well as the desire to share personal experiences with customers.
- Everyone, from the CEO to the cashier, had **clearly defined and measurable goals**. In addition, other promotional efforts were moved to the back burner to allow employees to focus entirely on the program's success. In addition, the CEO tied bonuses—including his own—to the program's success, demonstrating passion and commitment that passed down throughout the organization. Bonuses were given to stores that overachieved.
- An extended pilot of the program lasting 16 months allowed for the **fine-tuning of measurements, processes and technology**. Learnings from the pilot were leveraged to “right-size” operational challenges.
- The program set-up ensured **ongoing training for new employees**. It's no secret that retail has a high turnover rate, especially when including the addition of seasonal help. Loyalty program training must be a consistent element of onboarding.
- The plan included a mechanism for **genuine store operations feedback**. An advisory board was established to help ensure two-way communication from the field, and continued to operate well after the program began.



The background of the image is a blurred, low-angle shot of a city street at night. A yellow taxi is visible on the right side, and several pedestrians are walking in the foreground, their figures blurred to suggest motion. The scene is lit with warm, golden light from street lamps or building windows, creating a bokeh effect in the background.

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## MEMBER EXPERIENCE

The critical role of the employee should now be quite clear. Every point of contact between an employee and customer offers an opportunity to positively influence the member experience and build loyalty to engender a deeper relationship with the brand. The employee has a great opportunity to communicate with new and existing members to ensure that their experience is enjoyable, simple and easy. Customers are faced with a barrage of marketing messages and loyalty offers—your employees can ensure that your message and your loyalty program benefits break through the noise.

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### Effective loyalty programs allow customers to feel known, understood and valued.

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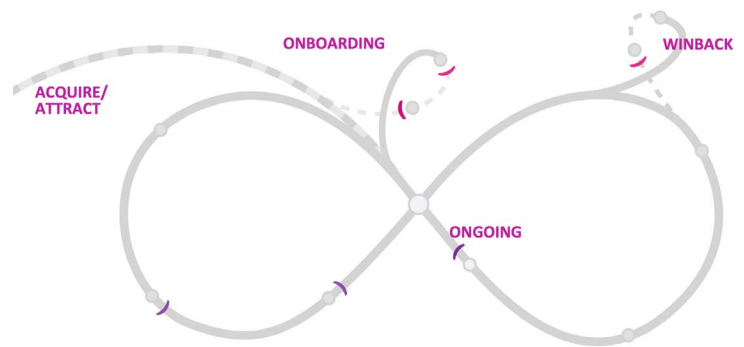
**Enrollment** is the first step in the value chain and often the first real member experience a customer has with the loyalty program. In a lot of ways, we've come far from the clipboard at the front of the store. Many new enrollees will desire to be contacted via email, but the exchange of information should happen from the start; it will be much harder to go back and get later. While collecting email and other data, brands must be able to clearly articulate why it's being collected, how it will be kept safe and how the member will benefit from providing it.

**Identification** is another important element of the member experience. Historically, a physical token (like a loyalty card) has been involved. But an item that may easily be lost or discarded may not be congruent with, for example, an environmentally conscious brand. It may be best to offer several options for ID purposes, including phone number, email address or mobile app. Providing several options for identification is the optimal approach. This approach may also help address considerations such as lane speed for a retailer.

**Rewards and benefits** (including reward and benefit redemption) for your loyalty program should be kept simple and easy to understand for both customers and employees. Consider a focus on a few key benefits and reveal additional benefits later in the member experience for a surprise and delight. Error, fraud detection and fraud prevention also must be taken into account when it comes to rewards. Determine how to monitor, detect and report any fraudulent activities.

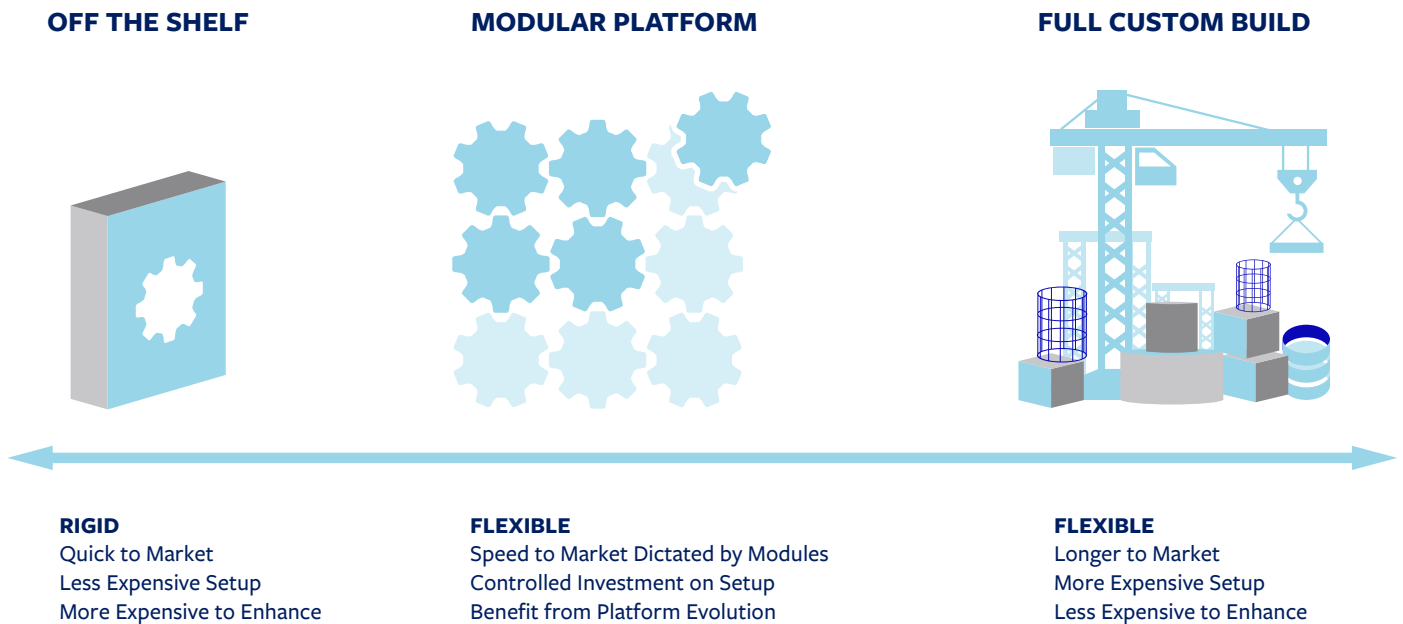
Finally, leading loyalty efforts take **member engagement** seriously, and plan ahead for the collection of data that might be needed for relevant and personalized communications later. That might include, for example, customer profile data, transactional data, communications channels used, mobile data, web activity, advocacy, and referrals.

Successful programs consider all aspects of the customer lifecycle and member experience from acquisition and onboarding to ongoing engagement and retention strategies.



## TECHNOLOGY

Promises, promises. Every potential suitor has them—and so does every technology provider. As loyalty programs have grown in significance, so too have the number of solutions available.



There is much to consider. Platforms can be rigid or flexible. They can be quick to market, inexpensive to set up and more expensive to enhance later. They can be the exact opposite. Or they can be somewhere in between, like Bond's modular Synapze Loyalty Platform, for example.

### Consider what is right for your needs and your organization—and be honest with your leadership.

- Are you going to manage this solution in-house?
- Do you want to become self-sufficient in the long term, but need a full service provider to support you through the initial process?
- With Out-of-the-Box, are you prepared to live within the constraints or are you prepared for the expense of customizations on those solutions?
- And if you manage in-house, are you prepared for the risks?

We've found a number of clients start in this scenario of managing their solution in-house and then look to engage us because the focus and attention are not being applied. This is where a trusted partner is essential, helping ensure that a brand's needs can be met not only today, but also tomorrow.

## MEASURING SUCCESS

So how do you define "success"? That all depends on what's being measured.

Yes, your metrics should include the number of members enrolled. But as the data has shown, enrollment does not necessarily equal engagement. Here are some additional metrics that you should consider to determine loyalty program performance:

- **Capturing customer data:** In addition to enrollment, these numbers might include completed profiles, scan rates (if retail) and marketability. What is the percentage of identified transactions associated with Loyalty IDs? Percentage of identified sales? What is the



percentage of marketable members based on communication opt-ins?

■ **Sales and profitability:** Is there an increase in traffic, sales, incremental margin? What is your Cost per Point (CPP)—can this be reduced?

■ **Customer engagement:** Consider, for example, the percentage of members who open email communications, as well as how many click through. Also, explore the percentage of offers being redeemed, and the percentage of members responding to offers. Remember that metrics can come through the web, apps, ratings and reviews, and other channels.

■ **Operational effectiveness:** Key performance indicators might include employee compliance in asking customers about registration, asking for customer ID, asking customers if they wish to redeem, answering questions and processing/accepting offers. The percentage of redemptions completed online might also be of interest. As the above-mentioned case study outlined, everyone from the CEO to the front-line staff should have measurable KPIs to ensure performance and transparency throughout the organization.



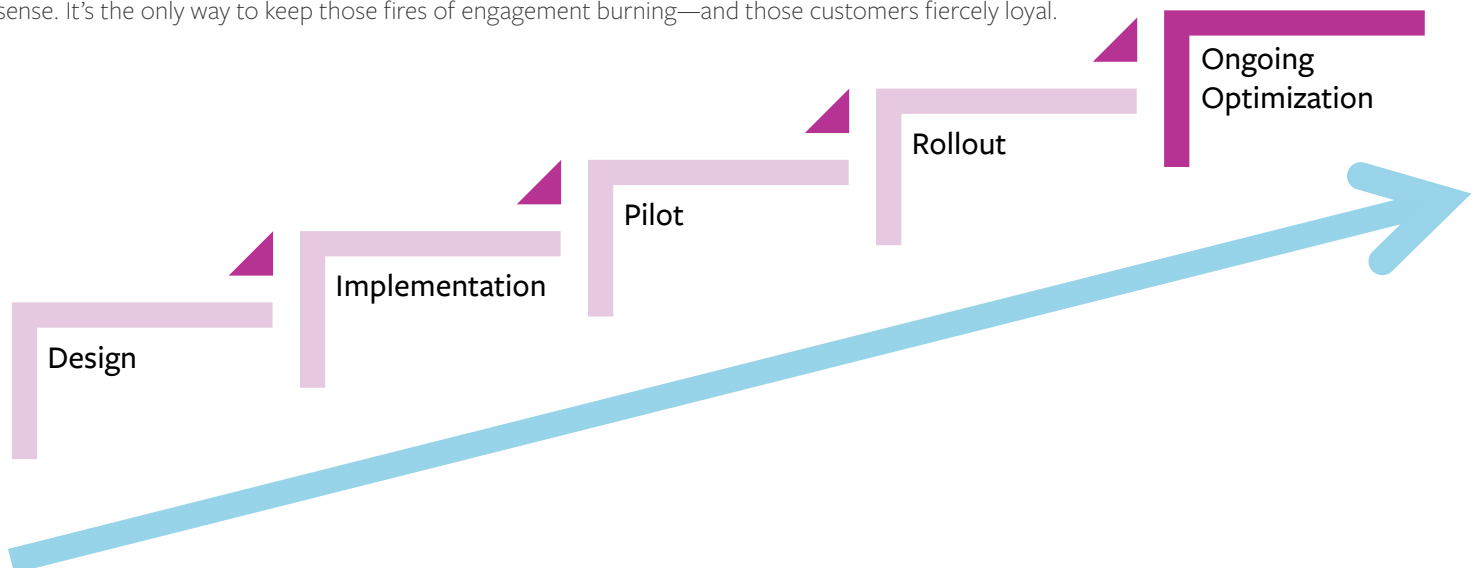
Your key metrics may change over the life of your loyalty program. For example, you may have a strong focus on acquisition data early on but shift your focus to engagement activity as the program matures. Revisit your measurement strategy on a regular basis to ensure that what you are measuring is driving the actions you require for success.

## ONGOING OPTIMIZATION

As tempting as it would be to set a loyalty program in place and believe it could run itself, it won't happen. Even a well-oiled machine eventually needs to be oiled again.


And even the best of relationships need regular checking in.

The long-term view of loyalty—much like a relationship—is not for the faint of heart. Industries change. Customers change. Demands change. But once a loyalty program has gone through design, implementation, pilot and rollout, continued investment and evolution simply makes sense. It's the only way to keep those fires of engagement burning—and those customers fiercely loyal.



## KEY TAKEAWAYS

### Creating Bonds between Brands and Customers that Stand the Test of Time

- Include stakeholders early on in the design phase and throughout the process.
- Ensure design is pragmatic and simple for customers and staff to execute.
- When selecting a technology solution, consider scalability for the future.
- Formulate highly measurable goals and hold all constituents accountable.
- Plan for the long term and commit to continuous evolution and optimization. 

Based on a Loyalty360 and Bond Brand Loyalty webinar presented by Mara Pallante and Richard Schenker in October 2015



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## On-demand webinar

[Click here](#) to review the complete webinar, including slideware and narrative.

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## ABOUT BOND BRAND LOYALTY

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Formerly Maritz Canada and Maritz Loyalty Marketing, Bond Brand Loyalty is a management-owned agency that specializes in building brand loyalty for North America's most influential and valuable brands. Our mission is to make marketing more rewarding for customers, richer and more resilient for brands, and more profitable for our clients. We build measurable, authentic and long-lasting relationships through a combination of services that includes loyalty solutions, customer experience, marketing research, customer analytics, live brand experiences and proprietary loyalty technology platforms.



### Download the 2015 Loyalty Report

The Loyalty Report is based on a comprehensive survey of nearly 6,000 consumers that captured ratings for over 200 loyalty programs. [CLICK HERE](#) to Download.



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