

THE STATE OF LOYALTY

Poised for a Renaissance?

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- Programs evolving but most are slow and responding to market pressures (Digitalization, CSR, CRM)
- Focus on digital first and customer experience
- Alternate models create questions about program value

PRE-COVID...

- Actual value of the loyalty data asset?
- New valuations for programs (Airlines)
- Foundational customer loyalty is at risk
- Imbedded value put in play

COVID CRISIS...

Bonus

Redemption Event!

Get up to
\$65 off*
when you redeem
50,000
PC Optimum points.

THAT'S AN
EXTRA
\$15

OR

Get up to
\$140 off*
when you redeem
100,000
PC Optimum points.

THAT'S AN
EXTRA
\$40

OR

Get up to
\$300 off*
when you redeem
200,000

THAT'S AN
EXTRA
\$100

CREATIVITY IN REDEMPTIONS

- Simplify ways to earn and burn
- Expand partnerships and channels for more options
- Offer flexibility and added value for cash redemptions

- Renewed interest and investment in loyalty programs
- Recognition of the value in reward balances
- Consumer focusing on priority programs

TODAY “MID-COVID”...

IS LOYALTY IN RENAISSANCE?

- "**Renaissance**" is a French word meaning "rebirth".
- The period is **called** by this name because at that time, people started taking an interest in the learnings of ancient times...

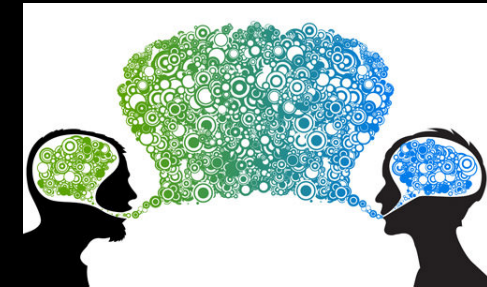


THE ROLE OF LOYALTY

*Have these
fundamentally
changed?*



Value for the
Customer



Dialog
platform



Data and
customer insights



Shape behavior
via experience

- Fundamentals are still the same
- Most programs exhibit “me too” characteristics
- How will we make it “new again” for customers



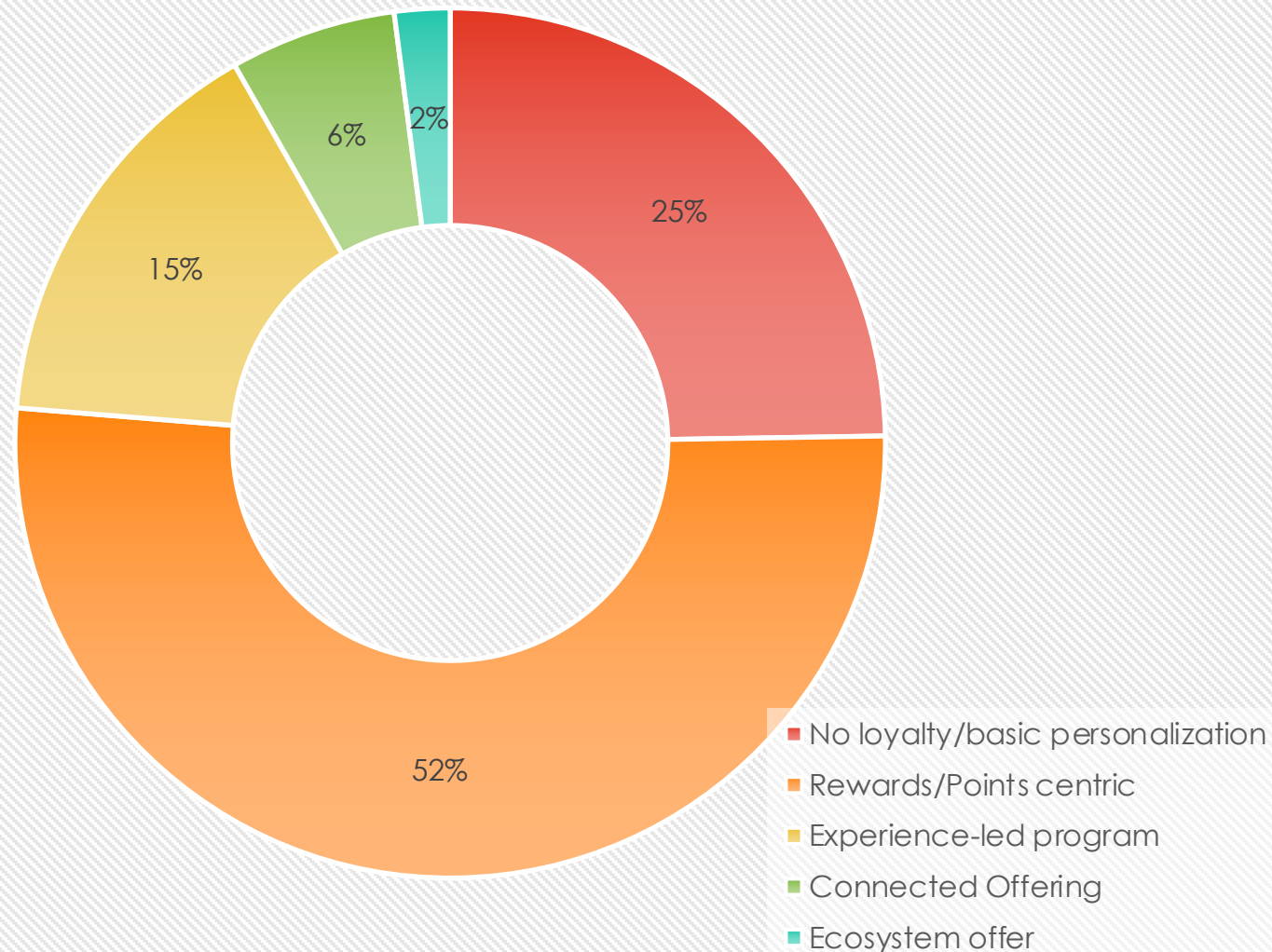
LOYALTY PROGRAM EVOLUTION

Source: McKinsey Study

% based on 50 Brands from FT top 100

Across 7 categories (apparel, travel, retail, fast food, entertainment, financial services and grocery)

Types of Programs



"NEW AGAIN" MEANS...

It's being used in
non-traditional
channels and
sectors...

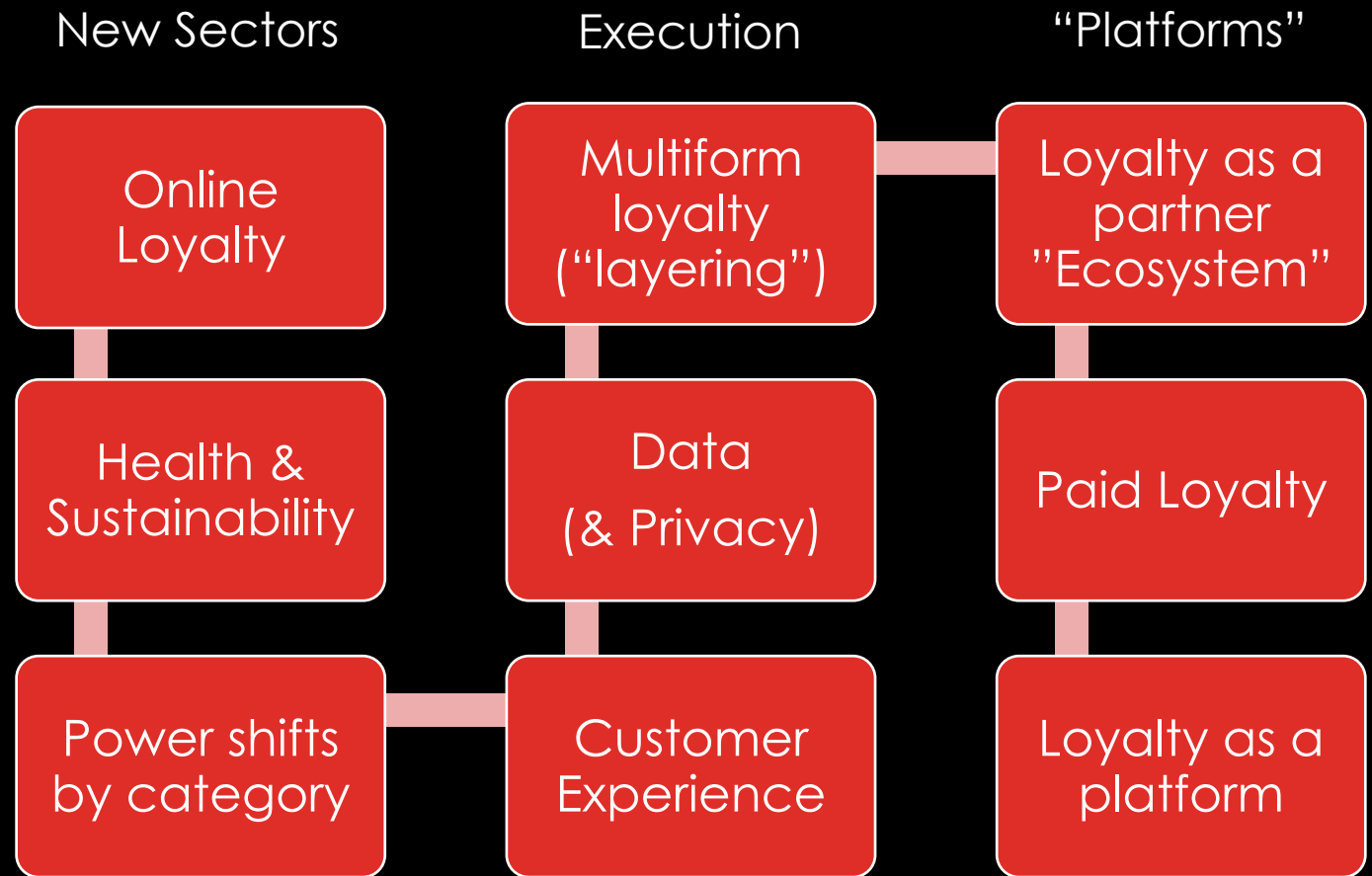
It's being
executed in new
ways...

It's going from a
program to a
platform



HOW WILL THESE CHANGE VECTORS AFFECT THE FUTURE OF LOYALTY?

THE BIG MOVING PIECES...



SECTOR DRIVEN CHANGES



Health/Sustainability

What happens when self-interest extends beyond rational benefits?



Online Loyalty

What happens when e-commerce dominates all commerce...and a plethora of competitive online alternatives exist?

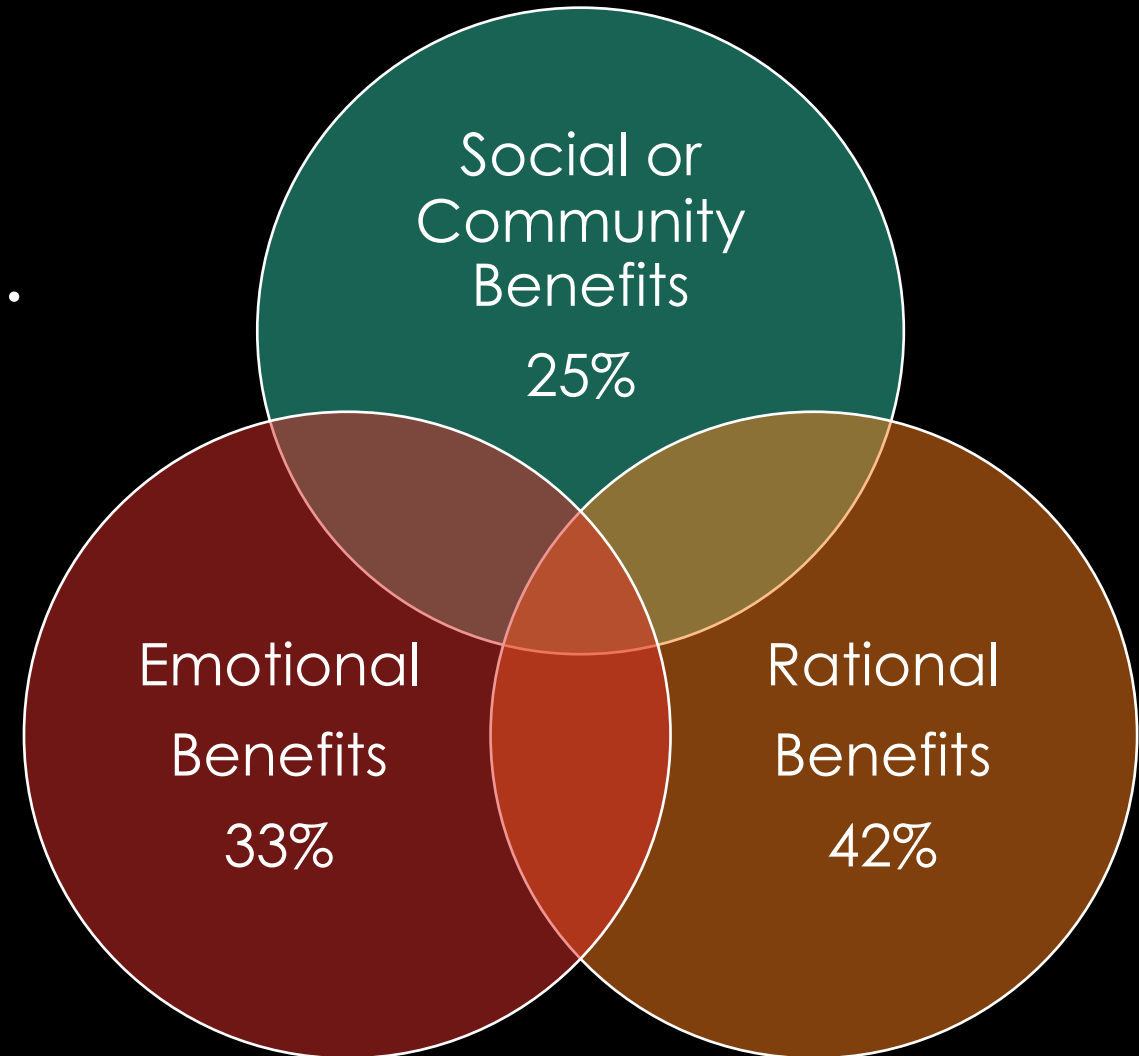


Power shift in Loyalty

With airlines and travel suffering, is now the time for retailers and other service providers to capture a greater share of affiliate card revenue?

THE CUSTOMER WANTS MORE...

Especially among younger demographics



Source: McKinsey Study

Based on a Survey of 9,000 consumers about their experience with loyalty programs in 9 different sectors

EXECUTION RELATED CHANGE



Multiform Loyalty

Changing behaviour requires an assortment of motivators. Try layering points, discounts, experience and tactical incentive programs



Data (& Privacy)

Data has been critical and will grow in importance. What will you do to ensure the customer data exchange remains strong? Will you invest in new analytic tools including A/I?



Customer Experience

Experience needs to extend beyond making the store better. It must be predictive, personalized and principled

"PLATFORM" RELATED CHANGE

The Amazon Prime Now logo is displayed on a solid blue rectangular background. The text "prime now" is in white, with "prime" in a standard sans-serif font and "now" in a slightly larger, bold sans-serif font. Below the text is the white Amazon smile arrow logo.

Paid Loyalty

How could your program change if the customer paid for the privilege of participation?



Loyalty as a Platform

Programs with scale are discovering the inherent reach capital in their programs.



Partner Ecosystems

Create brand partnerships to enhance customer experience and share greater insights.

KEY TAKE AWAYS...

Have a
meaningful data
strategy

Adopt multiform
loyalty

Accelerate your
digital experience

Embrace social
and emotional
benefits

Create a seamless
experience

Embrace
partnerships

Grazie per l'attenzione!