Using Technology to Maximize your Loyalty Program

In this week's episode, we spoke with Patrick Sojka, founder and CEO of Frequent Flyer Bonuses Group/RewardsCanada, about how technology is changing the landscape of loyalty programs by creating more relevant and engaging systems.

Using Technology to Personalize Loyalty

Loyalty programs have been around in some form or another since as early as the 1700's. You may no doubt have a long forgotten punch card or some old Canadian tire money in your wallet, but modern iterations of the loyalty program bear little resemblance to the ones that came before them thanks to modern technology.

Companies are utilizing technology to tailor their loyalty programs specifically to their consumers, and consumers are on board: <u>80%</u> prefer a personalized experience, and are more likely to do business with a company that offers one.

Through tracking of each individual member, companies can send out deals and offers specific to individual shopping habits. A 2-for-1 deal on puppy chow would not be beneficial to someone without a dog, so this technique helps to engage the right potential customers. A more direct use of technology is the use of geolocation to target potential consumers and offer discounts to retailers that are nearby, thereby encouraging spontaneous purchases.

These marketing techniques are allowing companies to build highly targeted campaigns - so you can target your customers with rewards and offers they actually want, giving them additional incentives to stay loyal to your brand.

Keeping your Identity Safe

Personalized loyalty programs require users to allow access to their information - sensitive data like your name and credit or debit card information, telephone number, home address, and passwords. Hackers may not be interested in your rewards points, unless they can convert them into cash, but your personal information is very valuable. We have seen numerous security breaches of loyalty programs, even large companies such as Marriott International and United Airlines have been compromised, so how do you keep your personal information and data safe?

Sojka notes that we're starting to see big companies, such as Aeroplan, implement multi-factor authentication in order to safe-guard consumer data. In addition to providing a password, <u>two-factor authentication</u>, the standard in the banking industry, requires a secondary authorization code that is received by the user via email, text, or phone call.

Keeping your loyalty programs secure is of utmost importance, especially when handling sensitive data, as the consequences of a data breach are severe - regulatory penalties, fines, and damage to your brand.

A Win-Win for Companies and Consumers

Today's shoppers are overwhelmed by choices, and with a plethora of options, creating loyalty is more important than ever.

Loyalty programs are a cost-efficient way for companies to retain customers; according to the Harvard Business Review, "acquiring a new customer is anywhere from five to 25 times more expensive than retaining an existing one." Satisfied patrons are also more likely to tell their friends and family about it, as such, these programs can also help companies attain new customers. Data collection is also a big component of these programs - valuable information is collected from the consumer that in turn is used to personalize their marketing strategies.

Sojka stresses that loyalty programs are also beneficial for the consumer. Loyalty programs provide incentives in the form of financial savings and/or points you can covert to physical products or experiences. Loyalty programs are built to engage and retain customers by rewarding them for supporting your business; if you're going to shop anyways, you may as well be rewarded for your purchases.

It's important to stay relevant in a world where consumers have an abundance of choice. Thus, keeping your loyalty programs updated with the latest technology is paramount if you want to compete in the ubiquitous rewards market.

References:

Steele, Jason. 2015. How Marriott is Promoting Better Loyalty Account Security. https://thepointsguy.com/2015/07/loyalty-account-security/.

Salpini, Cara. 2019. What's behind the rise in retailer loyalty program revampls? https://www.retaildive.com/news/whats-behind-the-rise-in-retailer-loyalty-program-revamps/549039/.

Auth0. Identity - The Cornerstone of a Loyalty Program. https://auth0.com/learn/customer-loyalty-program/.

Goicochea, Elizabeth. 2018. How retailers can use geolocation to improve customer loyalty programs. https://www.mocaplatform.com/blog/retailers-geolocation-customer-loyalty-programs.

Gallo, Amy. 2014. The value of keeping the right customers. https://hbr.org/2014/10/the-value-of-keeping-the-right-customers.

Miller, Grace. 32 Loyalty program statistics that will make you rethink marketing. https://www.annexcloud.com/blog/loyalty-program-statistics-will-make-rethink-marketing/.

Ta-Yao, Davy. 2018. The history and evolution of loyalty programs. https://medium.com/loyela/history-and-the-evolution-of-loyalty-programs-94f06a37a4f0