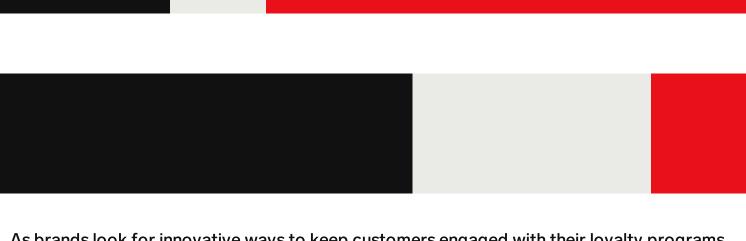# 3 ways to level up your loyalty program by putting the customer first

Article

As brands look for innovative ways to keep customers engaged with their loyalty programs, they are shifting their focus from just offering incentives and rewards to generating real relationships with customers based on what they actually want and need, said Mary Pilecki, vice president and principal analyst at Forrester, during a recent Tech Talk Webinar.

Here are three ways that brands can put the customers at the heart of their loyalty program in order to create long-lasting connections.

1. Embrace customer obsession

Being customer obsessed means putting the customer at the center of leadership, strategy, and operations, said Pilecki.

"Our research tells us that customer-obsessed companies actually increase their revenue, their profitability, their retention, and employee engagement much faster than firms that aren't."

To apply this kind of thinking to a loyalty program, brands need to think less about how the program will impact the bottom line and more about how they can address customer needs and emotions, said Pilecki.

"Traditionally, we have measured loyalty based on the customer's behavior—their spend, their average cart size, how frequently they buy," she said. "But we've also learned in the past five or six years that how the customer feels about the brand is just as important. And feeling appreciated, respected, and valued actually binds customers to brands."

Because emotional loyalty isn't just about brand affinity, it's about driving action.

For example, of customers who feel appreciated by a brand, 87% said they plan to stay with the brand, 83% plan to spend more with the brand, and 86% will advocate for the brand, per Forrester.

"Customer obsession is actually profitable," said Pilecki.

2. Revisit the value exchange

Customer wants and needs are constantly changing, which could impact how they view and interact with loyalty programs. For instance, just from 2022 to 2023:

- The percentage of consumers who reported needing to be very careful with how they spend their money due to the economy and personal finances jumped from 55% to 66%, per Forrester.
- Consumers who will share personal information for cash rewards also increased, rising from 31% to 36%.

- The percentage of consumers who trust companies will do what's best for their customers has declined slightly from 47% to 45%.

To identify what customers want now and prepare for what they might want in the future, brands need to constantly collect information and be ready to modify their loyalty programs as needed, said Pilecki.

This requires building agility across loyalty program technology, processes, and talent.

"You're going to constantly update what you know about your customers," she said. "You'll monitor your organization. You'll check out your customer journeys to make sure that they are meeting customer needs and they're frictionless. You'll measure your results, you'll audit your success, and then it's a constant loop. So keep moving around that circle."

3. Measure what matters

"There's really no single metric to measure loyalty, and that's the big challenge," said Pilecki.

Customer retention may be the top metric that brands use to measure the success of their loyalty program, according to data from Forrester, but it's usually used in combination with multiple other metrics, which makes measuring success difficult.

So when brands think about measurement and which metrics to use to gauge success, they need to think about what matters to them the most, said Pilecki.

"Figure out what's important to your brand and align those metrics to your business strategy," she said. "Look at both the performance of your campaigns as well as the incremental business value that your loyalty program is generating."

But brands also need to be willing and ready to modify those metrics as consumer behavior inevitably changes.

Watch the full webinar.

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