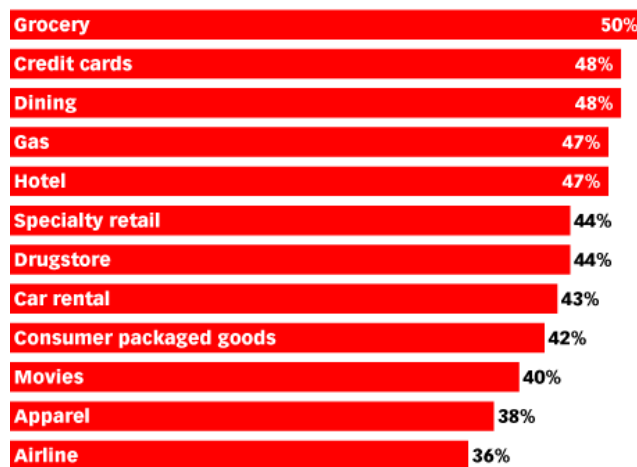# What Makes a Successful Loyalty Program?

ARTICLE

Patricia Orsini

Loyalty programs have a serious retention problem. Consumers are quick to sign up, but quick to forget about a loyalty program once they get their initial discount. Members, overloaded with points, miles and free shipping offers, are not necessarily consolidating purchases with one brand in order to accrue rewards.

A January 2018 survey from Bond Brand Loyalty found that across most industries, less than half of loyalty program members in Europe, Latin America and North America are satisfied with their programs.

Consumers in Europe, Latin America and North America Who Are Satisfied with Their Loyalty Program Membership, by Category, Jan 2018
% of respondents

Category	%
Grocery	50%
Credit cards	48%
Dining	48%
Gas	47%
Hotel	47%
Specialty retail	44%
Drugstore	44%
Car rental	43%
Consumer packaged goods	42%
Movies	40%
Apparel	38%
Airline	36%

Note: ages 18+
Source: Bond Brand Loyalty, "The Loyalty Report 2018" in partnership with Visa, March 19, 2018
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www.**eMarketer**.com

The companies most likely to offer loyalty programs—retailers, airlines, hotels, quick-serve restaurants, among other sectors—are simultaneously facing increased competition from digital upstarts that are better able to gain an understanding of consumers' expectations and needs, and deliver on them. A loyalty program can provide the first-party data needed to begin to understand those customers, but interactions after the initial sign up have to be strategic.

Our latest report, "Loyalty Marketing: Data Fuels Personalization and Better User Experiences," explores how successful loyalty programs are engaging customers and delivering relevant experiences.

"Those monetary means of enticing a customer to a brand for the first time do good work up front in the relationship," said Scott Robinson, vice president of design and strategy at Bond Brand Loyalty, a customer engagement agency. "But those aren't the things that sustain engagement over time, and brands are starting to realize that."

A loyalty program can be the means to driving a customer engagement strategy, if structured that way.

"It's all about the data," said Don Yee, senior consultant at ecommerce consultancy FitForCommerce. "You need to understand the customer

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to deliver the value they expect, and make sure that the rewards they receive are relevant to them."

Hilton Honors, the loyalty program for the hospitality company's 14 hotel and resorts brands, has 71 million members in its loyalty program. While the lack of participation is a challenge, there is an opportunity to appeal to even the most infrequent customer, says Mark Weinstein, senior vice president and global head of customer engagement, loyalty and partnerships.

Throughout the booking process, travelers are giving Hilton insights into preferences, which then allow the brand to make relevant offers. "They tell us their room preferences, we know where they want to go, and we will start to gain a life cycle view," he said.

The key to connecting with every one of their members is the mobile app. "It's the connection point to both learn about what the customer wants, and then be able to deliver those services based on what we've learned." In that way, he said, Hilton becomes a traveler's virtual concierge, "creating meaningful reasons to consolidate your travel with us. The data is just a very sophisticated version of the business we've always been in. The tools are changing, allowing us to scale, but this is the business we've been in for 100 years. We're just doing it in a different way."

As Hilton's loyalty program demonstrates, it's that constant drip of data collection that is critical. Devon DeBlasio, senior manager of product marketing at Neustar, emphasized the fact that a successful loyalty program works to create as many engagements as possible, and is always learning about its customers.

"It's important for brands to see this not just as a static moment, but to use [the interactions] to create a customer journey, figure out where they are in that journey, connecting both the offline and online identifiers to build a single picture of that customer."

In the latest episode of "Behind the Numbers," eMarketer's Patricia Orsini and Lauren Fisher discuss how brands are leveraging data and consumer behaviors to enhance loyalty programs and increase engagement.

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