

POST-COVID LOYALTY STRATEGIES

KEEP NEW CUSTOMERS, PERFECT
DATA COLLECTION AND ACT ON
EVERY INSIGHT

SPONSORED BY



STRATACACHE

TOSHIBA



TREASURE
DATA

retail
TouchPoints®

SPECIAL REPORT





INTRODUCTION

Shopper loyalty will become more important than ever as retailers reopen under the next normal. New habits created by the lockdowns caused a significant shift in where and how consumers shop, which means retailers will need to bring back former customers who looked elsewhere while simultaneously holding on to new fans. Retailers' ability to not only offer a great experience, but to prove that they can do it again and again across multiple channels, will be key to achieving these goals.

"Loyalty is driven by a repetitive positive experience with the brand," said Donovan Neale-May, Founder and Executive Director of the [CMO Council](#) in an interview with *Retail TouchPoints*. "That means **you've got to understand all the touch points where customers engage with your brand or your company**. It's all about your ability to resolve that customer's issues quickly and efficiently, to their gratification and satisfaction."

Consistently delivering on the brand promise requires retailers to maintain perfection on multiple fronts. This *Retail TouchPoints* report will look at some of the most important advice retailers need to follow as they build customer loyalty, including:

- **Hanging on to new customers:** The past year has changed what many shoppers are looking for, and retailers need to understand both why some customers strayed and what attracted others to the brand to maximize their customer base in the long term;
- **Creating a unified view:** Shoppers will no longer put up with personalization failures, such as delivering ads for couches in response to purchasing one, so retailers need to make sure they're accurately offering value with their loyalty propositions;
- **Perfecting data management:** Data is at the heart of loyalty, and shoppers understand both its value and the associated dangers — which means getting data collection and privacy protection right is as much a part of generating loyalty as putting that information to use; and
- **Making sure the shopper comes first:** The most advanced loyalty offering is just a pile of unfulfilled promises unless it results in material benefits for the customer, so they need to be kept in mind from the landing page to the checkout line.



4 KEY OBJECTIVES FOR A SUCCESSFUL LOYALTY STRATEGY

salesforce

Gordon Evans, **Salesforce**

Brands have spent years defining loyalty and building programs that keep customers returning. More ways to earn points, mobile apps and wallets, and a greater range of rewards all have become important pieces in the loyalty puzzle.

The last year then hit the reset button on customer loyalty. Most consumers have tried new brands and channels, and intend on sticking with them. The three- and five-year plans that brands had to revamp their loyalty strategies had to be completely rethought overnight. While no industry was left unaffected, retail has seen one of the biggest shifts.

Many of the customer loyalty trends that emerged over the last year are here to stay: buy online, pick up in-store (BOPIS), curbside pickup, touchless payments and more. Customer expectations, affinities and priorities have changed and will continue to evolve over the next several months.

While the road ahead is still coming into focus, there are four objectives to keep in mind:

- **Think of loyalty as a strategy, not a program.** Customers want a consistent experience across interactions, whether they're getting a loyalty promotion email, calling customer service or shopping in-store. Your customer sees you as a single entity, not as separate departments, so loyalty should be embedded throughout the customer journey as part of an enterprise-wide strategy.
- **Show your customers you understand them.** Customers are aware of the value of their data, and with increased data privacy regulations and a cookie-less world, brands have to make sharing their data worthwhile. To keep customers willing to offer up their personal information, demonstrating that you're using their data to create a better overall experience is important. This means the experience must be personal: what's meaningful and relevant to one customer may differ greatly from another.
- **Expand on experiences.** Most consumers prefer experiences over points and rewards. Successful loyalty strategies incorporate both rational loyalty (points, discounts) and emotional loyalty (experiences). Providing exclusivity through early access to sales, premier customer support and unique in-store experiences are a great way to differentiate your brand and keep customers engaged beyond the buy button.
- **Flexibility and agility are critical.** An iterative approach to loyalty has never been more important. As retailers and brands learn more about new customer expectations, they need the agility to respond quickly. In some cases, they even need to anticipate changing expectations. Having flexible technology that allows you to test, learn and iterate will be an important pillar in a successful loyalty strategy.



UNDERSTAND NEW HABITS NOW – DON'T WAIT FOR A COMPLETE REOPENING

Retailers aren't quite rebuilding loyalty from scratch, but as the country enters the next normal they will have to contend with a changed landscape of loyalty and shopper preferences. While there is no comprehensive one-size-fits-all solution to rebuilding the loyalty of old customers or ensuring newcomers stay with your brand, there is an easy way to get started: **Inspire them!**

"Many customers are ready for a change, but they are in a different place now than they were pre-pandemic," said Katherine Black, Partner in the Consumer Practice of [Kearney](#) in an interview with *Retail TouchPoints*. "It's important to put new inspiration into the customer's current context. **Are your core customers angry about the need for more social change? Are they looking to make a bold statement?** Have they been scraping by with a shifting employment situation? All of these questions need to be factored into the right offer for the customer right now, and then brought to life in a way that gives people something to get excited about."

Now is the time to start testing new strategies, according to Black. Certain parts of the country are rebounding more aggressively than others, and they can make for excellent test markets. Retailers need to identify which groups are reverting to pre-COVID behaviors — and why. Armed with this information, retailers can act on these consumers' new needs, either to recapture departed shoppers or to solidify the loyalty of newcomers, all while other retail players are still recovering from the pandemic.

MOBILE WILL BE BIGGER THAN EVER

There is one development every retailer will be dealing with, regardless of their target audience's main demographic: **shoppers have tasted omnichannel convenience, and they like it.** This has made mobile loyalty apps more attractive than ever. Already a big deal pre-pandemic, the mobile medium has now fully cemented its role in loyalty.

Mobile is a strong tool to bridge the gap between online and store shopping by enabling appointments, enhancing in-store experiences, offering financial flexibility with multiple payment options and reducing friction when collecting online orders. The apps also can help retailers track shoppers as they move through the store, enabling more accurate personalization efforts and creating opportunities for digital signage-based experiences.



FIVE KEY FACTORS OF WINNING MODERN SHOPPERS' LOYALTY

STRATACACHE

Chris Riegel, **STRATACACHE**

More than ever, consumers have greater control over their entire shopping experience — picking a brand, buying online or in-store, order pickup options and more. With this, consumer loyalty has evolved. Shoppers value the human experience over transactional reward. Was the experience frictionless and relevant to their personal preferences and behaviors? The more customized the experience, the more shoppers feel known and rewarded by the brand. Valued shoppers are loyal shoppers and repeat customers.

Through strategic use of three key technologies — intelligent digital display, in-store sensor systems and AI — there are new opportunities to win loyalty. These technologies allow you to examine real-time preferences, then promote relevant, targeted messages on digital displays, ultimately driving increased sales.

SHOPPERS ARE HIGHLY PREDICTABLE AND HIGHLY VISUAL

Retailers can predict and promote what shoppers want, even before shoppers know what they want. Through machine learning and automation, behaviors are analyzed over time, and on-screen messaging customized in real time. Shoppers, especially younger shoppers, are increasingly consuming information visually. More than 50% of the brain is devoted to visual processing. The more relevant the visual experience, the more impactful and memorable the store visit will be.

CONSUMERS WILL SPEND MORE FOR A GOOD EXPERIENCE

Retail brands must show loyalty back to customers. If a shopping experience is uniquely valuable — customized, frictionless, experiential — customers will go the extra mile to be loyal back. Consumers know that their time, money and choices are important, and they will seek out a positive experience over traditional rewards.

AI HAS SPREAD INTO EVERYDAY LIFE AND BUSINESS

There are mainstream applications of AI where we work, shop, live and relax. With technology such as Alexa and Siri, consumers have become used to AI positively impacting their lives. Investing in intelligent digital display, sensor systems and AI to deeply understand customers allows retailers to tailor the shopping experience and make vital operational improvements.

SELF-SERVICE AND AUTOMATION ARE VITAL MOVING FORWARD

Automation in the store introduces not only an improved, frictionless customer experience but also operational efficiency. With fewer employees on the store side, retailers need to embrace customer- and employee-facing technology to automate experiences and tasks throughout the store.

INTELLIGENT DISPLAY MESSAGING SHOULD BE CUSTOMIZED BASED ON SITUATIONAL AWARENESS

Unlocking behavioral data is essential to driving casual customers to become repeat, loyal shoppers. The right technology strategy allows you to identify, understand and motivate shoppers. Determine loyal versus new customers, understand who is at customer service compared to those in the checkout and which shoppers are utilizing curbside pickup. Personalizing each touch point along the shopping journey drives home the message that your shoppers are valued.





THE PATH TO REAL-TIME PERSONALIZATION REQUIRES CONSTANT REFINEMENT

Real-time personalization is the holy grail of loyalty-building efforts, but getting there requires retailers to perfect their existing data practices first. One of the key elements for laying the groundwork is investing in a customer data management system that offers a unified view of shoppers across all channels. Even the fastest insights are effectively worthless if they aren't measuring the right metrics.

"As a first step, the organization needs to develop a clear definition of the 'customer,'" said Kristin Kohler Burrows, Senior Director at the **Alvarez & Marsal** Consumer and Retail Group in an interview with *Retail TouchPoints*. "For example, is a customer someone who has made a purchase during the past year? The past six months? It is also critical to constantly be assessing the data to ensure that it's 'clean' and that, for example, one transaction is not attributed to two different people.



"As a first step, the organization needs to develop a clear definition of the 'customer.'"

Kristin Kohler Burrows, Alvarez & Marsal Consumer and Retail Group

"Lastly, try to unify data around the customer across all systems — so beyond just purchasing data, other behavioral data like 'How often that customer interacts with the website, etc.' and how external and future trends (e.g. government aid) can be leveraged for predictive analytics," Burrows added.

From there, a retailer's data team needs to constantly segment and re-segment its customer base based on their behavior. This enables the company to make associations with similar sets of customers, which will help predict what their future purchases may look like and narrow down potential personalized offers. Implementing this capability as a baseline makes real-time personalization easier by minimizing, or even eliminating, friction-generating mistakes based on bad prior information.



REIMAGINING SHOPPING EXPERIENCES TO BUILD CUSTOMER LOYALTY

TOSHIBA

Fredrik Carlegren,
Toshiba Global Commerce Solutions

CUSTOMER LOYALTY IN A POST-COVID WORLD

Shoppers' behaviors have undoubtedly changed because of COVID-19, so the ways they shop and how they choose which stores they shop at has changed as well. Throughout the course of the pandemic, shoppers have demonstrated their willingness to change loyalties and move across brands and shopping methods to get the products and experiences they want. To succeed in a post-COVID world, retailers will need to create or expand upon those experiences to strengthen loyalty with consumers.

OFFER ALTERNATIVES TO TRADITIONAL CHECKOUT

Building loyalty isn't just a single robust rewards program — it's also about creating the experiences that customers expect. As COVID-19 spread, retailers had to move at an extraordinary pace to reconfigure stores to be safer, including refining existing shopping methods or accelerating the deployment of new ones.

For example, our March 2021 survey showed that **37% of shoppers indicated cleanliness and safety** as a top priority for in-store shopping, which resulted in a trend toward alternative shopping with a **16.9% increase in curbside pickup, a 6.3% increase in BOPIS and a 25.6% increase in buy online with home delivery**. Experiences based on shopper interests are more than just a different way to complete a transaction; they're a signal to shoppers that retailers are listening to them.

HOW CAN RETAILERS CONTINUE TO BUILD RELATIONSHIPS AND LOYALTY WITH SHOPPERS?

COVID-19 forced a change in how people shop, but customers eventually grew comfortable, and even came to prefer new shopping methods that made their experiences easier. Shoppers will ultimately return to in-store shopping, with an expected **7% increase in in-store sales and nearly 92% of sales** fulfilled through local stores, but retailers will still need to implement new experiences when they return.

Retailers are already evaluating trends to deliver those experiences. In the next 24 months, contactless payments are **expected to grow by 190%**, while **52% of retailers** currently use or plan to implement consumer mobile checkout; **39% of companies** currently use or plan to adopt new and emerging technologies like **microservices architectures** to capture important data about their customers to deliver better experiences; and 41% of food, drug and mass merchants say they intend to adopt technology that will directly boost customer loyalty.

While existing brand loyalty prior to COVID-19 will still have an impact on where consumers shop, that alone is no longer a guarantee. While shoppers are likely re-selecting their preferred brands now, retailers must embrace and prioritize new experiences and technologies that will keep current customers and turn occasional shoppers into loyal ones.



FOLLOW DATA MANAGEMENT BEST PRACTICES IN PURSUIT OF THE 'SEGMENT OF ONE'

While big data is the foundation of modern loyalty strategies, it also represents a potential weak point: data leaks can both damage brand loyalty and inhibit future data collection efforts. Even privacy concerns generated by other retailers' leaks can cause wary customers to think twice about sharing their information in general.

"We have always strived for the 'segment of one' and we get closer and closer to that possibility every day," said Nick Kramer, VP, Practice Leader for Digital Transformation and Advanced Analytics at **SSA & Company** in an interview with *Retail TouchPoints*. "Partly as a result of these increasingly powerful insights we're able to infer from customer behavior, **privacy and data security** are becoming top-of-mind for consumers, while they're [also] being increasingly regulated by governments. **Apple's** overt promotion of privacy protection is a clear notice that this is a trend that will make it increasingly difficult to collect personal data the way that we have historically."

Kramer laid out two ways forward for retailers looking to simultaneously maximize their available data while keeping ahead of privacy regulations and shopper concerns:

- 1. Focus even more on loyalty programs and rewards in exchange for data.** Kramer noted that the **Brave Browser** is innovating the browser ad model, offering cryptocurrency rewards for users who voluntarily view ads. These innovations reflect shoppers' growing cognizance of their own data's value, and could provide an example for retailer brands to follow in their own experiments.
- 2. Refocus data science and analytics on handling anonymous data.** This means looking for weaker signals generated by anonymous data, then using personal data and tracking to validate and verify these other analytics and insights. Doing this now will better position brands to thrive under growing privacy regulation in the future.

Additionally, retailers looking to build trust can lean into transparency to strengthen their position. **Target** has a **comprehensive privacy policy page** that lets shoppers know exactly how data is being collected and used — a great way to assuage the concerns of privacy-minded shoppers.

TOO MANY FEEDBACK REQUESTS CAN BECOME AN ANNOYANCE

Retailers are eager to hear shoppers' every opinion, with good reason, but when every company in a shopper's life is asking the same of them it can become both overwhelming and a bit off-putting. Asking for feedback is fine under the right circumstances, but badgering customers for responses after every transaction is loyalty poison. Instead, understand where and when they want to be contacted, and don't be afraid to give them their space otherwise.

"Companies are moving into this saturation bombing when it comes to feedback," said the CMO Council's Neale-May. "Every single encounter, every single engagement, every single purchase, every single experience you have with a brand they want to know, 'How do you rate us?' If you've shopped online you know that there isn't a single transaction you do with somebody who's not asking you about the experience. Even when you go into a store or any retail environment, the first thing you get when you get home is a request to rate and rank the experience — and that's an irritating point."



REAL-TIME DATA WILL POWER RETAIL IN 2021 AND BEYOND



TREASURE
DATA

Thomas Kurian, **TreasureData**

The future belongs to retailers that perfect the art of delivering highly personalized omnichannel experiences to their customers. But this is only possible if they build the right technology foundation **to tailor customer interactions and build loyalty with real-time data**. An enterprise customer data platform (CDP) is an essential tool for retailers seeking to turn real-time data into a competitive advantage.

WHAT IS REAL-TIME DATA, AND WHY DOES IT MATTER?

Real-time data consists of structured and unstructured data, served on demand in just milliseconds. Such data may include a customer's engagement and order history across channels (web, mobile or in-store). It could also include other kinds of data gathered and delivered in real time, such as inventory records or sensor data from a store.

Real-time data is vital to omnichannel customer relationships. Retailers are interacting with customers across many different touch points, from web and mobile systems to call centers and stores. Customers, meanwhile, expect to move between these touch points with little or no friction, often beginning a task on one channel and seeking to finish it on another. That seamless, relevant experience is what drives brand loyalty, and it is only possible when data from one interaction is instantly available for use in the next, even when they are mediated by different systems.

An enterprise CDP solves this challenge by providing rapid unification and activation of data across all consumer-facing systems — all in mere instants.

REAL-TIME DATA MAKES HUMANS BETTER

How does real-time data enhance customer loyalty in practice? For retailers, it's about creating more satisfying person-to-person interactions, both digitally and in stores. Humans are far better than machines at delivering one-to-one personalization — but to do so, they need the right data and technology.

Real-time personalization can enhance human interactions both before and after a purchase. Before the click, digital associates can engage customers through a retailer's app, providing personalized product advice. After the click, in-store associates with access to customer data can infuse personalization into their customer encounters. When customers face problems, a contact center agent can provide tailored solutions based on insights from the CDP.

In this changing world, every moment counts — and so does every piece of real-time data. A CDP provides the cornerstone for retailers' efforts. With the right data foundation in place, retailers can keep pace with a new wave of innovation, and keep consumers coming back with experiences that move as fast as their lives.





THE CUSTOMER COMES FIRST IN EVERY LOYALTY STRATEGY

All the data, strategy and technology in the world isn't worth much if it isn't actually being put to use on the sales floor. Every retailer needs to strive to not just collect and understand data, but actually put it to use for the consumer's benefit, according to Kearney's Black.

Retailers often have more data than they use at any given time. Even if they have access to real-time insights backed by a silo full of safely stored historical data, it won't do any good unless it's all being applied with the end goal of customer service in mind. Every good loyalty initiative should focus on enhancing every customer touch point, from a smart website landing page to an empowered in-store associate, rather than collecting data for the sake of collecting.



"We often recommend designing your personalization strategy with this idea of scaling your best experience."

Katherine Black, Kearney

"One way of thinking about this is using data to scale your very best store talent," said Black. "Your best store talent knows their customers' needs and preferences and is able to apply a filter to new products that are arriving to suggest that they might be of interest. They know the item that the customer eyed and loved, but thought was too expensive, that is now on sale. They know that there is a local event coming-up. [Customers know] that they would never give a personal detail to another source — they are trusted. We often recommend designing your personalization strategy with this idea of scaling your best experience – it keeps the customer at the center of the strategy and yields **2X to 4X** the results of simply applying relevancy scores to offers."



salesforce

Salesforce has industry products and solutions, built by industry experts, designed for your company to go digital fast. Industry best practices, processes and data models are all part of industry products and solutions so that companies can get on the fastest path to digital transformation. Salesforce's Industry products and solutions are also all built on the Salesforce C360 platform, so you get the best of Salesforce purpose-built for your industry's needs.

info@salesforce.com



STRATACACHE

STRATACACHE provides a full scope of in-store technology solutions, including intelligent digital signage, sensor systems and artificial intelligence solutions, to retailers looking to personalize the shopping experience and drive consumer loyalty. STRATACACHE's retail solutions enable the creation of an in-store evolution to truly drive a frictionless store visit that is focused on customer experience. Our in-house technology and experts partner with retailers to create service automation, personalized guest experiences and convenience throughout the store. With more than 3.3 million digital devices globally and 30 years of experience, STRATACACHE is the leader in intelligent digital display at scale.

team@stratacache.com



TOSHIBA

Toshiba Global Commerce Solutions is a global market share leader in retail store technology and retail's first choice for unified commerce solutions. Together with a global team of dedicated business partners, we advance the future of retail with innovative commerce solutions that enhance customer engagement, transform the in-store experience, and accelerate digital transformation. To learn more, visit commerce.toshiba.com

Toshiba_Comms@toshibagcs.com



TREASURE DATA

Treasure Data Enterprise CDP drives relevant customer experiences by harmonizing Data, Insights and Engagement to work in perfect unison. Empowering brands to give millions of their customers and potential customers the feeling that each is the one and only. With its ability to create a true view of the customer(s) and potential customer(s), Treasure Data allows enterprises to not only know who is ready to buy, but what, when and how to drive them to convert in real-time. Treasure Data has more than 400 customers spanning across the Fortune 500 and Global 2000 enterprises.

www.treasuredata.com/contact-us



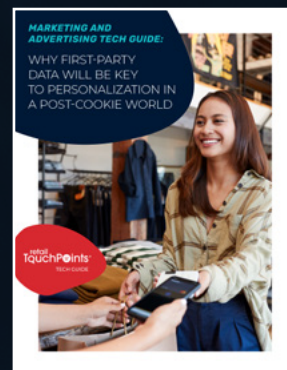
YOU MAY ALSO LIKE



BI and Analytics Tech Guide:
What Retailers Need to Keep
up With Shopper Behavior
in a Post-COVID World



2020 Customer Loyalty
Benchmark Survey:
Building Customer Loyalty
During Uncertain Times



Marketing and Advertising Tech
Guide: Why First-Party Data
Will be Key to Personalization
in a Post-Cookie World

LEARN MORE

retail
TouchPoints®

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The *Retail TouchPoints* network, now including design:retail, is comprised of two weekly e-newsletters, special reports, web seminars, exclusive benchmark research, an insightful editorial blog and a content-rich web site featuring daily news updates and multi-media interviews at www.retailtouchpoints.com. The *Retail TouchPoints* team also interacts with social media communities via Facebook, Twitter, LinkedIn and Instagram.

201.257.8528

info@retailtouchpoints.com



ABOUT THE AUTHOR

Bryan Wassel, Associate Editor

Bryan covers the retail industry at large, with a focus on contextual marketing, technological innovation and omnichannel developments.