

REIMAGINING LOYALTY:

WHY BUILDING
TRUST IS NOW
ESSENTIAL TO
NURTURING
CUSTOMER
RELATIONSHIPS

retail
TouchPoints®

SPECIAL REPORT

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INTRODUCTION

People throw around a lot of terms when they talk about customer loyalty, but one that's rarely used is "trust." Perhaps that's because it's so basic: all relationships, whether personal or economic, are based on some level of trust between parties.

But several factors are pushing trust into the spotlight. One is the general rise in doubt about government and health institutions, which has been accelerated by a global pandemic and an increasingly divisive political climate. Mistrust has become widespread: the annual Edelman [Trust Barometer 2022](#) reveals that nearly **six in 10** consumers won't trust something until they see evidence of its trustworthiness. The study, conducted in November 2022, reveals that businesses have a solid launching pad to fill this trust gap: at **61%**, businesses are the most trusted institution, ahead of NGOs at **59%**, government at **52%** and the media at **50%**.

Other trust factors include the data privacy regulations that have been instituted by government bodies, such as the EU's GDPR and the CCPA, which have put data use under the microscope. Of particular concern to retail and brand marketers are the actions of tech giants like **Apple** and **Google** to limit individual customer tracking and to eliminate (or minimize) the cookies that are the basis for so much third-party consumer information.

The combination of these factors has marketers and loyalty experts scrambling to ramp up their collection of both **zero-party data** (information that consumers share directly, via surveys and questionnaires, but also data that's revealed through their participation in games and quizzes) and **first-party data** (information that's gleaned from a user's online activity, which requires analysis to become actionable). Both of these, particularly the former, require brands to establish a level of trust with consumers about how the data will be used — and what the consumer will get in return for it.

“We don’t know if we can trust politicians, health officials or the government, and we see privacy groups talking about the use of bartered or brokered data, but the real problem with the lack of trust is that brands don’t understand how to talk to people,” said Tim Glomb, Global Head of Content for **CM Group**, a marketing technology company, in an interview with *Retail TouchPoints*. “Brands have been talking *at* consumers, and they haven’t been listening [to what they say].”

This “trust deficit” is being exacerbated by consumers’ newfound understanding of the value of their personal data. Shoppers are asking themselves, “What is the consumer benefit that I’ll get out of sharing my data?,” said Katie Thomas, Consumer Practice Lead for the **Kearney Consumer Institute** in an interview with *Retail TouchPoints*. “I’ll let Google Maps track me, for example, because there’s a consumer benefit of the tracking and data sharing it does.”

This *Retail TouchPoints* special report explores the expanded role trust is playing in customer loyalty, and some of the techniques and tools retailers can use to build (or rebuild) trust as part of their loyalty initiatives, such as:

- Tapping the **influencer/creator economy** to establish relationships that go beyond individual transactions and build CLV (customer lifetime value);
- Expanding reward portfolios to include **experiences**, both IRL and in the metaverse, that better match loyalty program members’ interests and passions;
- Using these experiences as additional **data-gathering opportunities**; and
- Sharpening the use of **personalization** in ways that serve customers without feeling intrusive or creepy.





WHY INFLUENCERS HAVE BECOME CONSUMER TRUST BROKERS

Much has been written about influencers, also known as creators, and how marketers can use them to access like-minded communities and, not incidentally, sell products. But for several retailing experts, creators' value goes far beyond simply moving units.

"Loyalty suffers during a recession, because we'll instinctively shut down the part of our brain that's involved in buying new things, like clicking on ads or going to the mall," said Ali Fazal, VP of Marketing at creator platform **Grin**. "That makes channels like email marketing and paid advertising less effective — if I see an ad I'm likely to scroll past it. **But you won't unfollow a creator [you like] because you're in a recession mindset.** If you're 'attached' to a creator, that could be because their posts brighten your day and they also post great deals."

Fazal gave the example of a vegan who follows a vegan chef because doing so "takes the guesswork out of it," noting that "brands can play squarely into that if they invest in the creator partnership."

Often, creators' impact gets played out over longer periods, or they reaffirm the value of an item without leading to an actual purchase. Additionally, a creator's endorsement can help followers become brand ambassadors among their own social circle.

"Creators/influencers can affect your entire retail funnel," said Fazal. "If I run into the product on social, it's more likely to become part of my life. For example, I might post a comment about an influencer I follow who is traveling, saying, 'I love the shirt you're wearing on day two of your trip.'"

Even for high AOV products that consumers purchase infrequently, like a mattress or a diamond necklace, "the consumer's memory of the actual transaction is short," Fazal noted. "But if you buy a **Casper** mattress and then in six months when someone asks you for a recommendation, if you've seen a livestream or a tweet about Casper it stays top-of-mind for you."



WANT DEEPER BRAND LOYALTY AND HIGHER CUSTOMER RETENTION? PARTNER WITH CREATORS

By Brandon Brown, CEO and Co-founder of GRIN

As ad costs rise and a potential recession looms, acquiring new customers is becoming far more difficult, unless you're willing to spend heavily. However, cultivating relationships with existing customers can lead to repeat purchases, higher levels of brand advocacy and lower acquisition costs.

Creators are your brand's best asset in strengthening relationships with existing customers. By partnering with true fans and encouraging them to create authentic content showcasing their love for your products, you can reach new audiences with a medium known to foster awareness, trust and conversions.

Focus on Authenticity

Without authenticity, any marketing technique you use will produce lackluster results. When a brand discovers how to be authentic in its marketing and customer service, it will be able to retain customers at a much higher rate.

One fundamental way to build authenticity is by repurposing user-generated content across your marketing channels. It's easier for consumers to trust someone they consider a peer rather than a business when hearing about a product. And creators are great for developing reusable content that has the legs to carry it across almost any channel.



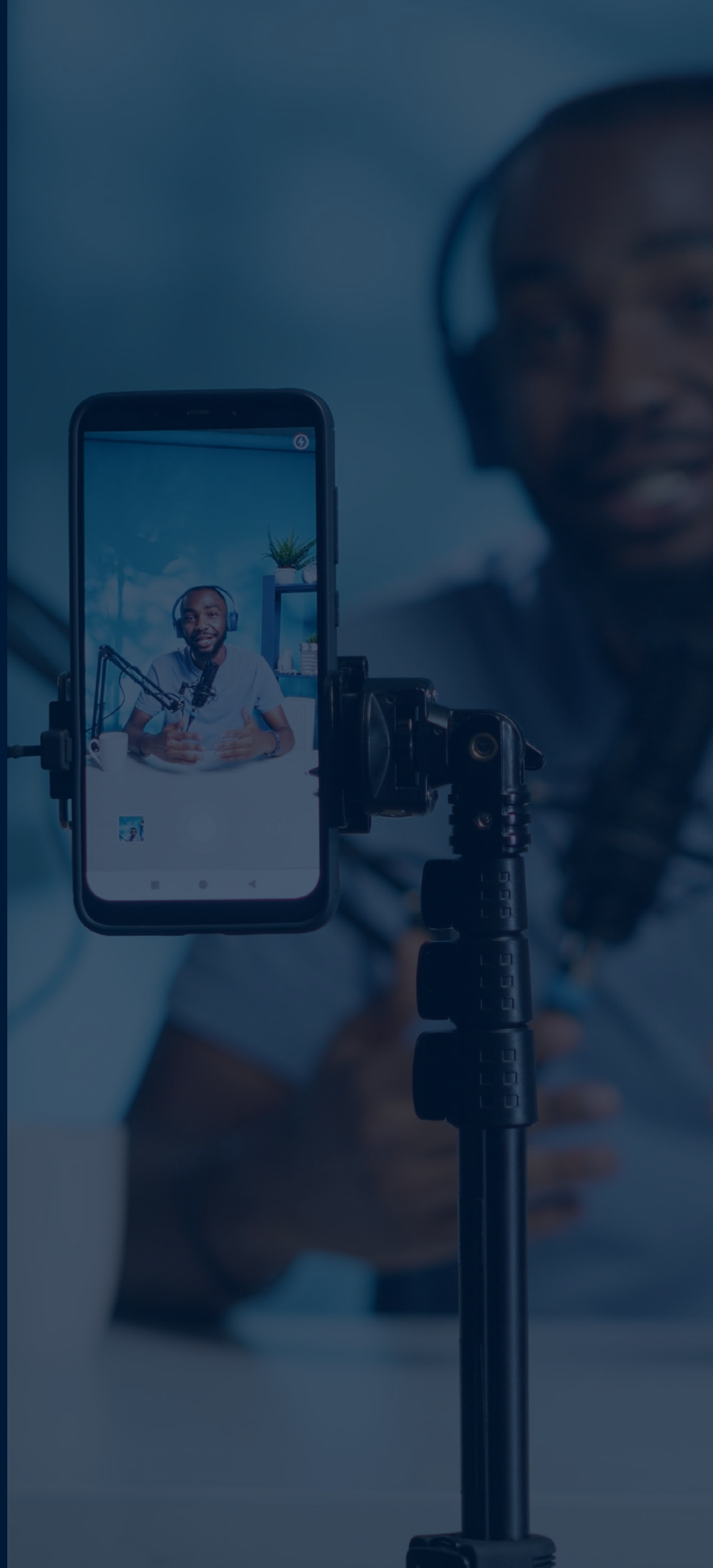
Partner with Creators to Build Community

Cultivating an engaged online community is a great way to gain consumer insight, build credibility and increase awareness about your brand. But many businesses simply call the groups they create “communities” without establishing trust and mutual concern. The key to success is starting small and designing the community so that it helps its members become who they want to be.

To do so, partner with creators who represent your target audience. They can answer questions, provide genuine opinions and build confidence among their community. Be present on their posts, too. Your brand can interact with people who show an interest in your products and serve as a trusted source of information.

Include Super Fans on your Team

If you find fans who are vocal about your brand on social media, show your support and harness their authentic love by partnering with them as affiliates. In this arrangement, you send them products, pay them on a commission basis and provide them with a custom discount code or link they can include with their posts, which allows you to track the impact they’re making on your bottom line. These mutually beneficial relationships will help your relationship and their brand love flourish over time.





EXPAND REWARDS OFFERINGS WITH EXPERIENCES AND EXCLUSIVITY

An emerging way for brands to deepen trust with loyalty program members is to make experiences — particularly exclusive experiences and/or those that reflect a consumer's interests — a more prominent form of reward. As valuable as accumulated points, discounts and gifts can be in motivating customer retention, an experience can mean even more. That's because the consumer has invested his or her most valuable commodity — their time — which indicates a higher level of both trust and engagement.

"I belong to a hotel loyalty program and was able to use my points for a unique experience," reported John Harmon, Senior Analyst at [Coresight Research](#) in an interview with *Retail TouchPoints*. "I attended a rugby tournament and sat in the VIP box, which goes a long way toward getting [my] loyalty."

Even basic experiences can be incorporated into loyalty rewards, and technology allows these to double as additional data-gathering opportunities. "Many retailers in China give you loyalty points for watching a video, going to a website or just checking in," said Harmon. **"They're rewarding behaviors as much as transactions."**

Web3 developments open up new opportunities for brands to offer something unique, Harmon added: "The metaverse is another universe where you can create unusual experiences and digital goods — a place where retailers can meet the consumer to offer experiences, and these aren't bound by the laws of physics."

Retailers that are considering offering metaverse experiences will have a nearly open field to play in: according to the 2022 *Retail TouchPoints* [Customer Loyalty and Personalization](#) survey, just **9%** of responding retailers currently use livestreaming or virtual events as a customer acquisition tool.



ENHANCING TRADITIONAL LOYALTY PROGRAMS WITH AR-POWERED ENGAGEMENT

The best programs are designed to engage people on multiple levels. New Zealand supermarket chain **Countdown**, working with augmented reality (AR) solution provider **Zappar**, is running a limited-time program called Countdown Bricks Farm during the 2022 holiday season. Customers can collect one Bricks Farm pack for every **\$30** they spend, with **40** unique packs to collect. Collectors can also purchase additional items such as Farmhouse Starter Kits, figurines and vehicles.

The AR element comes into play with **members' interactions** with the myCountdown app, along with themed recipes, games and quizzes on topics like nutrition. AR content includes the opportunity to take selfies as cute farm animals and healthy vegetables.

"With Countdown Bricks Farm we wanted to push the boundaries of customer engagement further, while also educating Kiwi kids about where their food comes from and the farmers who help grow it," said Brid Drohan-Stewart, Director of Brand at Countdown in a statement. "We worked with Zappar again to deploy AR that embedded seamlessly into our myCountdown app to give our customers an engaging Countdown Bricks Farm experience, alongside everyday functions like being able to build their shopping lists by aisle, scan their digital Onecard, get personalized specials and shop online."



MEDIUM-SIZED FASHION RETAILER CASE STUDY

Customer Profile

Italian-headquartered **medium-sized fashion retailer** with limited budget was looking for a loyalty solution compatible with its Shopify ecommerce platform.

Customer Situation

Limited project budget and lack of in-house loyalty expertise. No customer data from brick-and-mortar stores resulting in **inability to create personalized offers** for the clients (only ecommerce customer data was available).

Challenge

Merging online (ecommerce) with offline (physical stores). Designing a loyalty program from scratch, minimalizing retailer's IT team workload. Keeping to minimum implementation cost while delivering solutions to the market as soon as possible.

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Comarch Solution

Comarch's standard SaaS offering: **Loyalty Marketing Platform**. Premium SaaS Activation Package (Build). Selected range of business services (Run).

Final Results

- Launched fully operational program in just 8 weeks;
- Exceeded break-even point in less than 12 months;
- Average ecommerce order value increased by +15%;
- Average ecommerce purchase frequency increased by +27%; and
- ROI: 22%

Comarch Value

Services:

- Premium SaaS Activation Package including loyalty program design service, integration support, platform configuration and training;
- Customer Success Manager for day-to-day program operations (subscription); and
- Program Performance Optimization (subscription).

Product:

- Loyalty Marketing Platform with modules including Loyalty Management; Marketing Automation (including pre-defined retail customer journey schemes); Customer Touch Points (including white-label Mobile App); Data Analytics (including pre-defined reports and dashboards); and ready-to-go Shopify connector allowing instantaneous connection to ecommerce platform.

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ANALYZING THE INGREDIENTS OF A SUCCESSFUL LOYALTY PROGRAM

One of the most important steps a retailer can take to build loyalty — and one that's often overlooked — is to first determine exactly what actions the retailer would like customers to take. It's all part of making loyalty programs more effective, according to Kearney's Thomas.

In many cases, “consumers are shopping out of habit rather than loyalty,” she noted. “I buy Tide because I always buy Tide; I don't have to think about it. But the risk of habit is it can be disrupted relatively easily. I don't believe in the headlines I've seen [about] the COVID-19 pandemic being a shock to customer loyalty. **When there were out-of-stocks, you had to buy something else.** Retailers need to carve out loyalty, repeat purchases, frequent purchases, retention and acquisition as their own issues.

“They also need to determine the long-term value to a consumer that extends beyond the transaction,” Thomas added. “**Patagonia**, for example, will fix things that are broken — that's the kind of thing that **engenders real loyalty** to the brand.”

Understanding how loyalty works in the real world requires a combination of hard-headed data analysis and qualitative insights. For example, brands should gain a better understanding of “the actual characteristics of their most loyal shoppers as well as their highest-spending shoppers,” said Thomas, noting that it helps to determine how (or if) these two groups overlap — and if not, what sets them apart from each other.

Brands also need to understand how personalization plays in this mix. “I don't think personalization is optional,” as part of any loyalty efforts, Harmon noted. “You can't send indifferent, irrelevant communications to customers. Fortunately, **Amazon** is kind of terrible at it, but [other] ecommerce retailers are digitalized so they can make better use of it.”

However, Thomas warned against brands attempting personalization without considering the human factor: “Personalization is very algorithmically- and data-driven, so I’m served things based on prior purchases, but it still doesn’t seem right,” she noted. “It’s so data-oriented that breakdowns occur. One time I bought a kid a gift and now I’m being served up toys every time I go on Amazon.”

Thomas contrasted this experience with the personalization efforts of many DTC companies, “where you have to opt in to share your data in a way that makes it more personalized. It might be a quiz about my hair type or skin type as well as ongoing check-ins with consumers. But **if you rely on data alone, that makes personalization impersonal.**”



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— Katie Thomas, Kearney Consumer Institute

Bubble, a DTC skincare brand founded in 2020, uses quizzes and “ask me anything”-style forums to keep learning from its primary audience: Gen Z. Before any new product is taken to market, a panel of at least **50** Gen Z consumers gets to review it and have their say, and the brand’s “Skin School” site has become a crucial resource for consumers seeking to understand the nuances of skincare.

Bubble Founder and CEO Shai Eisenman noted how important the trust factor is in maintaining shopper loyalty, particularly in an industry like skincare that is rife with “the most misinformation and fearmongering.

“There are so many controversial ingredients, and some people don’t know why they are controversial, for example,” said Eisenman in an interview with *Retail TouchPoints*. “We wanted to create a platform, supported by the research and science community, that was really going to be able to educate consumers about skincare, about ingredients and about how they can and should treat their skin. We want them to understand the story behind their skin.”

Making personalization personal — and effective — goes back to retailers’ ability to collect and analyze multiple types of data. There’s still a place for traditional sources of third-party data, but data generated by direct interaction with the customer is becoming a much more important part of the loyalty mix.

This type of zero- and first-party data is valuable not only because it’s more specific but because it belongs exclusively to the brand. “**I think it’s actually a gift to retailers that cookies are going away,**” said Harmon. “If a retailer gets first-party data, the retailer owns it, and a lot of platforms don’t give retailers that data. Retailers should ask for the data, and they’ll find that consumers are willing to share it — at least when they get something in return.”

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Comarch is a global designer, provider and integrator of technologically advanced yet easy-to-use loyalty management & digital marketing tools that companies can use to increase customer lifetime value, drive brand awareness and boost profits. It also delivers professional loyalty consulting services to help businesses build and run highly immersive B2B, B2C and B2E loyalty programs and marketing campaigns that align with their clients' needs and expectations. Having 25+ years of experience in carrying out the most complex loyalty projects, it supports some of the world's most popular brands, including Auchan, BP, Carrefour, Ford, Heathrow Airport, JetBlue Airlines, Galeries Lafayette and True Digital.



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GRIN is the pioneer behind the world's first Creator Management platform, designed for the next generation of brands who recognize that, in the creator economy, authenticity is everything. Our platform supports every brand's journey to connecting with consumers through authentic creator relationships and is listed #1 across all top review sites including Capterra, G2 Crowd and Influencer Marketing Hub. Thousands of the world's fastest growing brands – including SKIMS, Warby Parker, Allbirds, Mejuri and MVMT – use GRIN to make creators feel like trusted, empowered partners and work with them to build their brands into household names. Together, we are revolutionizing the Creator Economy. For more information, please visit www.grin.co and follow @GRIN on Instagram.

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Retail TouchPoints and design:retail give all members of the retail world access to a vibrant community that combines insights, inspiration and opportunities to interact with their peers. We sit at the intersection of the art and science of retail strategy, providing granular data, high-value commentary, and aspirational success stories to help readers optimize customer experiences across all channels. Touching all facets of the retail ecosystem, including store experience and design, workforce management, digital marketing and engagement, and omnichannel optimization, our editorial content, multi-media resources and events take timely news and trends and transform them into tactical takeaways that meet the unique needs and priorities of our executive readers.

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