

Loyalty Trends, Engagement, and the New Customer Relationship



Painting the Loyalty Landscape
for 2010 and Beyond

Presented by JR Slubowski

Presentation Outline

- 6 (or so) Key Loyalty Trends
- Defining Engagement
- Royal Caribbean: A Cautionary Tale
- Integrating Social Media into Loyalty Strategy
- Conclusions and Questions

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Brand-Standing

Macro-Trend

Consumers expect companies to “take a stand” on social issues.

Micro-Trends

Going Beyond Green

“Because I Said So” Won’t Cut It Either

[Insert Cause or Social Issue Here]



Trend in Action

- Citizens Greensense Program (GOOD)
- Paperless Statement Campaign Email I Received (NOT SO GOOD)

Cellophane Marketing

Macro-Trend

Expect more companies to continue to make efforts to be transparent.

Micro-Trends

Old Tricks Won't Fly

Loyalty Programs Get Simpler

Companies Over-Communicate



Trend in Action

Simplified Mile
Redemption Process
from American Airlines
Financial Industry
Regulations

Value is the New Black

Macro-Trend

Spending will continue to be affected by consumer's attitude of "Give me a reason to buy at all..."

Micro-Trends

Loyalty programs are trying to be that reason

Brands will often become a surrogate for value

Coalition models proliferate

Introducing Add It Up™
Turn the good deals you find at your favorite retailer into great deals

With the Add It Up™ program, you can earn up to 20% cash back on top of retailers' discounts and your credit or debit card rewards.

Registration is **free** for Bank of America Online Banking customers with an eligible Bank of America credit or debit card.

Once registered, here's how to start earning cash back:

- **Sign in and select an offer on this website to begin shopping.** For online purchases, always access the retailer's website through the Add It Up™ offer page.
- **Use your registered Bank of America card to pay.** On the retailer's website or at the register for in-store offers, use a card you registered in the Add It Up™ program.
- **Receive cash back.** Your cash back earnings are

Are you a Bank of America Cardholder enrolled in Online Banking?

Simply sign in using your Online Banking ID and complete the one time registration for this program.

[Sign In](#)

Are you a Bank of America Cardholder not enrolled in Online Banking?

Enroll in Online Banking, then visit bankofamerica.com/additup to complete the one time registration for this program.

[Enroll Now](#)

Trend in Action

Bank of America's Add It Up Program

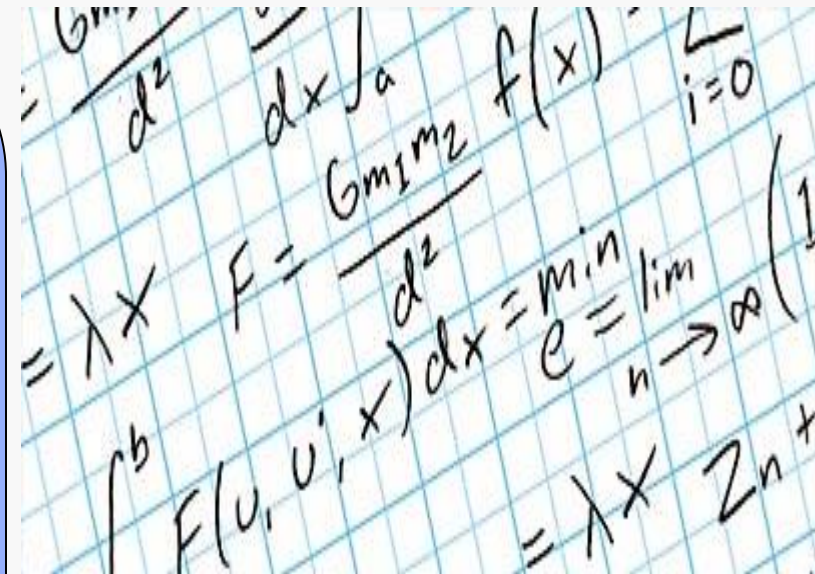
ROI Is So 2009

Macro-Trend

Watch new metrics start to creep into the marketer's measurement conversations.

Micro-Trends

ROC (Return on Customer)
 ROR (Return on Relationship)
 ROE (Return on Engagement)
 ROI (Yeah, it's still around)



Trend in Action

Advocacy programs gaining some steam – and linked to measurement...

Marketing Symbiosis

Macro-Trend

Interesting and even downright strange partnerships will start to emerge.

Micro-Trends

Marketing needs will drive most of these unlikely unions (e.g., the need to establish a relationship with the end consumer).



Trend in Action

YouTube and TV
Manufacturers and
Anyone Else

Engagement is NOT a Fad (Darnit)

Macro-Trend

Engagement has five methods: the vehicle, the context, the content, the experience, and the customer.

Micro-Trends

Great content opens all doors.

CEM is still critical.

Creating Communities of Customers.

Engagement is becoming a stop on the customer lifecycle.

In some ways, an all encompassing trend.



Trend in Action

Godiva Chocolate

TurboTax Online

Etc., Etc., Etc.

BUT....

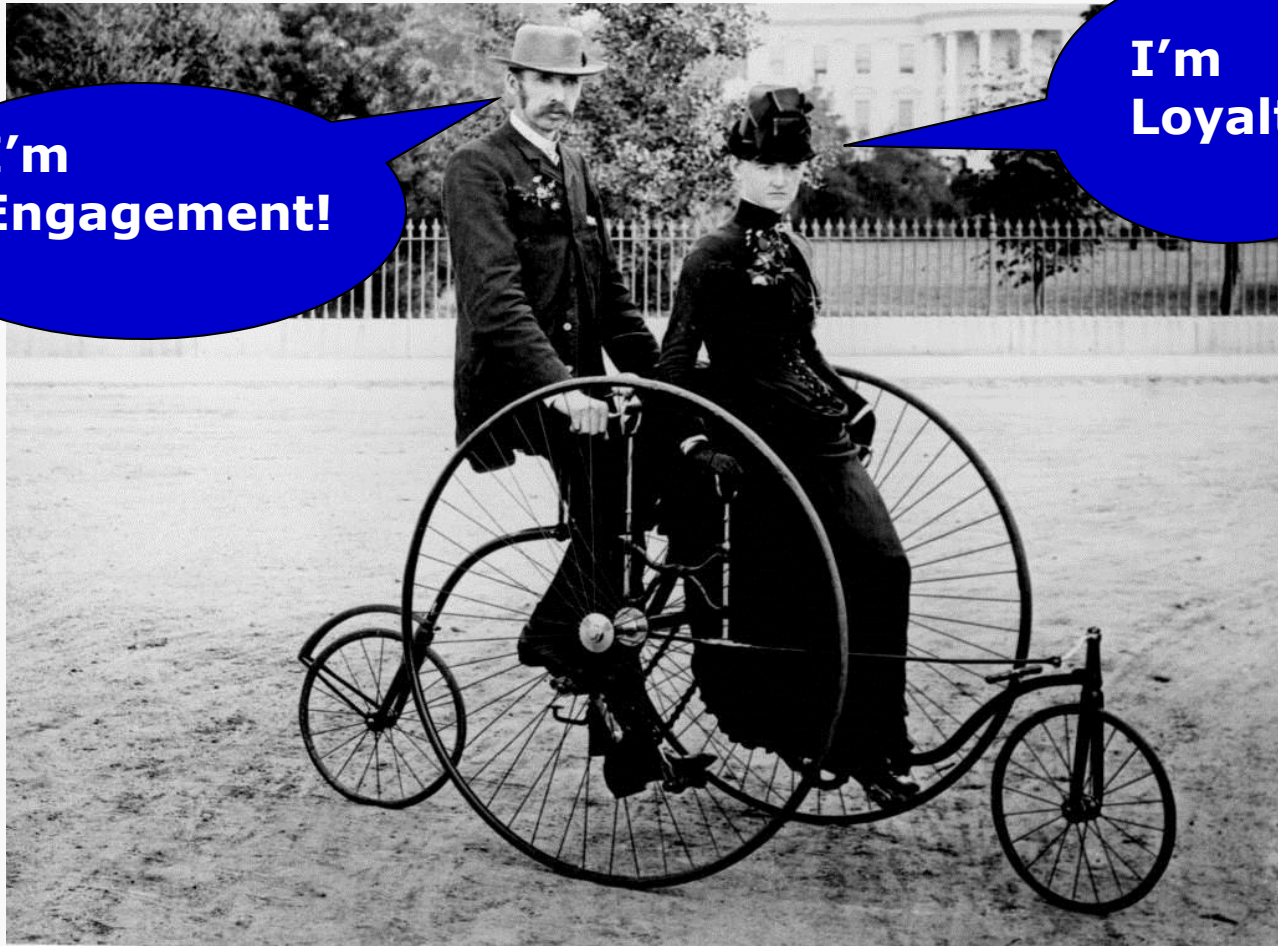
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Engagement vs. Loyalty

**I'm
Engagement!**

**I'm
Loyalty!**



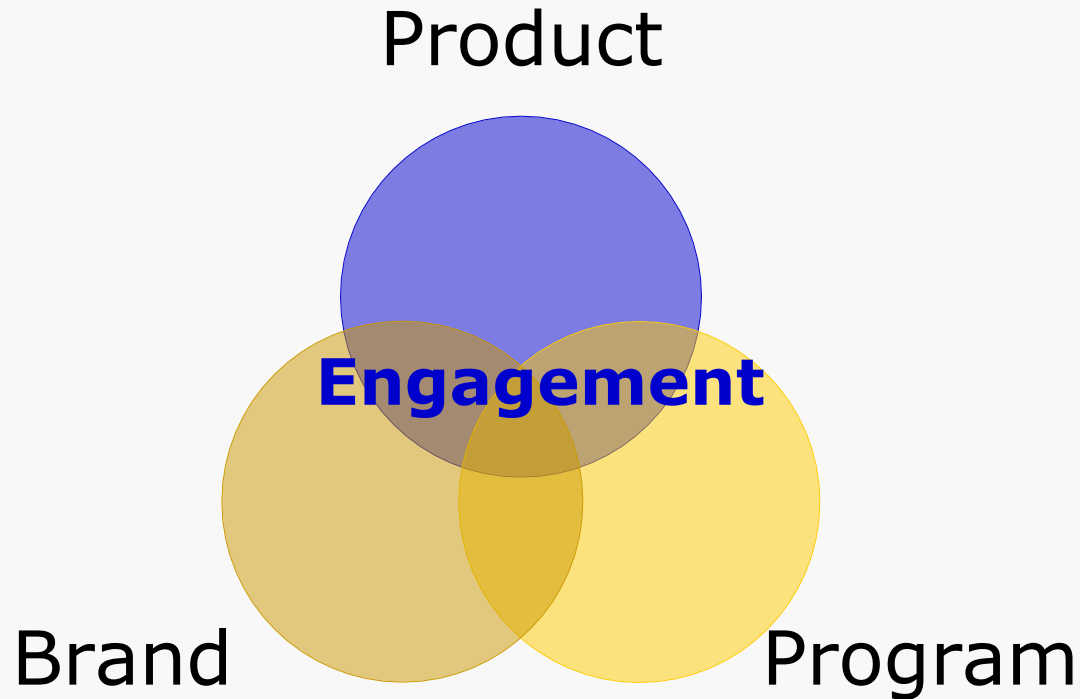
Loyalty vs. Engagement



Loyalty and Engagement
Are Related.... Somehow.

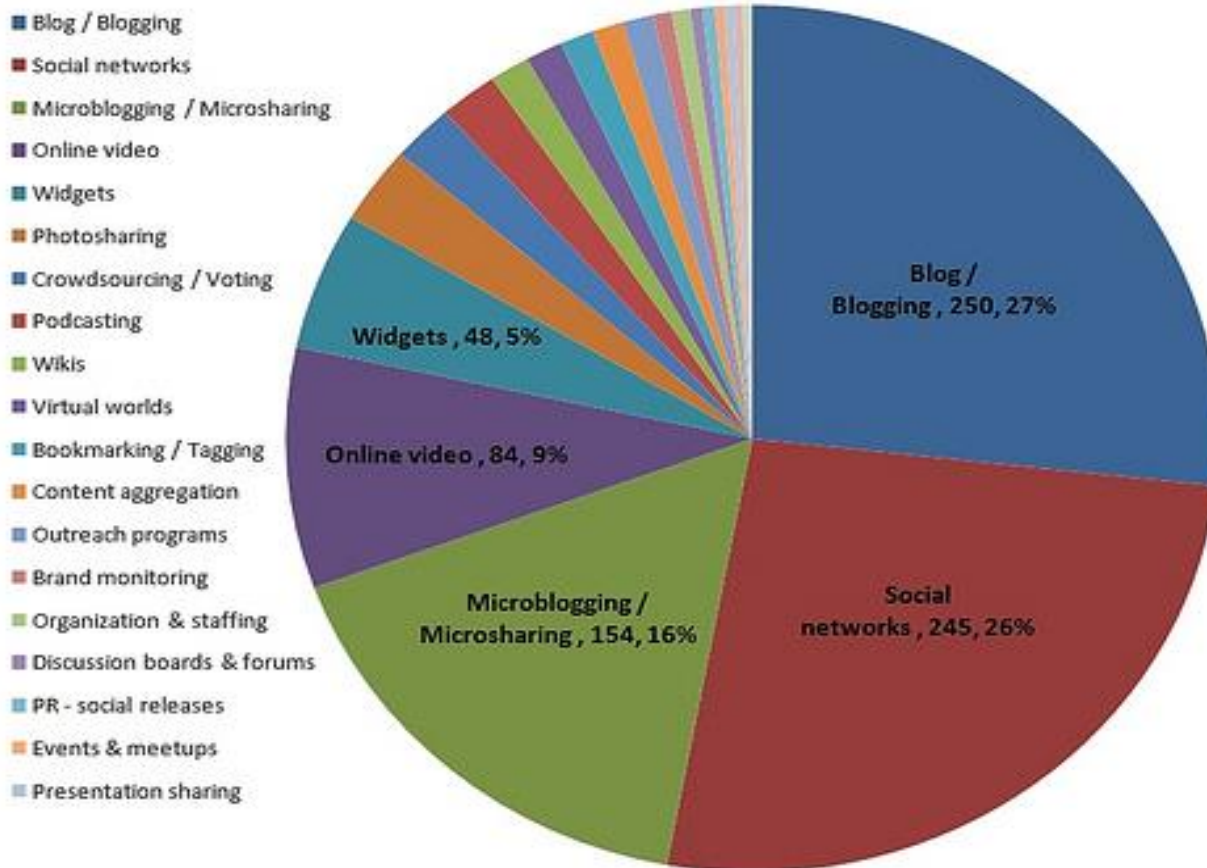
It's OK to separate them
as long as you make
sure each is going in the
same direction.

Your Friendly Neighborhood Presenter's Definition of Engagement



Engagement and Social Media

Type of Social Media distribution



Loyalty and Retention
Marketers MUST understand Social Media – Not doing so limits their opportunities for engagement.

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Royal Caribbean's Champions Program

- Using complex analytics, Royal Caribbean identified 50-100 regular advocates who posted on message boards, blogs, etc. and invited them to join the Champions program.
- Those select few received perks including offers to take “voyages to nowhere” for free.
- Champions were encouraged to continue their posts on various websites and other social media outlets.

Champion Program Results

- ❑ Early results indicated, at least anecdotally, that the program was performing well.
- ❑ Royal Caribbean appeared to have achieved a retention marketer's nirvana – the step past advocacy – Defense.
- ❑ Negative reviewers were pounced on by Champions and their reviews were widely discredited.
- ❑ Appeared to be working well until it was leaked that this club existed and that Royal Caribbean was policing posts and paying for positive opinions.
- ❑ Backlash ensued and program was shut down.

What Royal Caribbean Did Right

- Used social media channels to better determine a best customer and advocate.
- They rewarded that best customer and provided them special perks.
- They encouraged them to keep sharing their experiences with others on various message boards.
- They used the social media at their fingertips to establish a stronger relationship with their customers.

What Royal Caribbean Didn't Do So Right

- ❑ They didn't let those selected know necessarily why they were being selected.
- ❑ They didn't advise Champions to declare their status on the various social media applications they were using.
- ❑ They policed the responses, undermining trust.
- ❑ They had to shut down a program designed to exclusively benefit its truly loyal customers.

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5 Tips for Integrating Social Media into Your Loyalty Strategy

1. Always Start with the Backlash in Mind.
 - ❑ Avoid “Tweet First, Ask Questions Later” Mentality.
2. Integrate. Integrate. Integrate.
 - ❑ Truth is, any channel can serve as the originating medium.
 - ❑ Don’t rush to cut channels; Try integration first.
3. Keep the Channel from Getting Polluted.
 - ❑ Impurity breeds discontent.

5 Tips for Integrating Social Media into Your Loyalty Strategy

4. Baby Steps.

- ❑ Remembering that it's hard to take baby steps when you have really big feet.

5. Social Media is very much all of the below:

- ❑ A marketing strategy.
- ❑ Part of your brand's engagement experience.
- ❑ Another channel and form of content.
- ❑ An outcome.

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Key Loyalty Trends

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- Cellophane Marketing
- Value is the New Black
- ROI Is So 2009
- Marketing Symbiosis
- Engagement is NOT a Fad