



CSN PARTNER VIEWS ON GLOBAL CUSTOMER LOYALTY TRENDS

IN 2022



CUSTOMER
STRATEGY
NETWORK



Introduction

The Customer Strategy Network helps businesses thrive by solving complex customer problems.

As independent loyalty practitioners and strategists we provide businesses with a truly global customer loyalty advisory service.

We offer expert, independent advice on what makes customers loyal and most importantly how to measure the results.

Our focus is on the delivery of precision loyalty engineering covering customer insights planning, operation and optimisation.

'What the CSN experts say'

Customer Loyalty is one of the most rapidly changing areas with developments in digital having a direct impact on companies and consumers alike.

Partners at the Customer Strategy Network provide their own views on the future trends for consumer engagement in 2022.

We hope you will reach out to us and to our featured experts to share your own experiences, vision and programs you are working on.



NAME

Amanda Cromhout

TITLE

Founder & CEO

COMPANY

www.truth.co.za



LOYALTY TRENDS COMMENT

Truth operates globally but more specifically we have served clients in the African marketplace. We see great differences between some mature markets in loyalty like South Africa, or more emerging loyalty markets across other countries in Africa. So we have to be conscious of the different trends that are applicable across the different countries on the African continent.

There are 3 main trends that we are seeing as the focus for the work we do. One of them is B2B loyalty. We are seeing some really interesting commercial challenges that can be addressed through loyalty or incentive programmes, which range from pesticide sales in West Africa, to food manufacturing, through to cosmetic brands in the premium luxury market. Each of these vastly different industry verticals show a

similar approach as to how loyalty principles can address channel challenges, to drive deeper B2B loyalty to brands which don't necessarily have a direct relationship with the end user.

Another trend we are seeing which has been in existence for a long time but not really taken advantage of, is the ability to drive engagement through non-transactional rewards. For example, rewarding with points currencies for uploading content, reviewing products, social media engagements and so on.

And finally, which has been mentioned by other CSN partners, we are definitely seeing the merge of payment and loyalty to drive a much more seamless customer experience for customers at each touchpoint in their loyalty/payment journey.



NAME

Anita Toth

TITLE

Chief Churn Crusher

COMPANY

[Anita Toth Inc.](#)

LOYALTY TRENDS COMMENT

The impact of the pandemic on business is now becoming clear. Subscription based businesses weathered the pandemic better than more traditional businesses. In 2021, Sales Annual Revenue Growth for subscription-based businesses increased to 16.2% versus 12% for the S&P 500.

One of the key elements to the growth of subscription-based businesses is the focus on Customer Success – both as a function and as a philosophy. Net Revenue Retention (NRR) is a key metric used in subscription-based businesses while Earned Growth Rate (EGR) is the metric equivalent for non-subscription businesses. Both metrics determine how fast revenue is growing from the existing customer base.

As the subscription-based model expands into traditional industries and companies, the focus on retention and loyalty will increase. Metrics like NRR and EGR will become common KPIs on the retention side. Loyalty and advocacy programs can identify new areas of opportunity within the existing customer base, as guided by efforts to increase NRR/EGR.



NAME

Michael T Capizzi

TITLE

Dean, The Loyalty Academy
Partner, The Wise Marketer Group

COMPANY

loyaltyacademy.org

thewisemarketer.com

LOYALTY|ACADEMY™

the wise
marketer 

LOYALTY TRENDS COMMENT

The revolution occurring today across the customer loyalty landscape is largely driven by the following disruptors:

- First party and zero party data are now a must. The best way to obtain that information, be transparent and compliant in storing, using and updating the database is through a loyalty marketing program.
- Payments and loyalty are rapidly converging into one customer focused ecosystem enhanced by mobile technologies and new forms of currency to reward, recognize and transact.
- Loyalty has become an enterprise level initiative
 - Marketing, IT, Finance, Analytics, HR, Operations
 - all must be involved, informed and collaborative.Upskilling all of the associates in these once disparate functions into a cohesive loyalty unit with solid foundation in principles and practices will separate tomorrow's winners from losers.



LOYALTY TRENDS COMMENT

Mike confesses to being a loyalty 'purist' and believes that many global programs are not working for the consumer or the operator due to weak CVPs, poor or little use of data and a lack of support at board level.

A key requirement of the Loyalty Industry to help improve program performance is education, training and empowerment of personnel and recognition that *'loyalty is a journey, not a destination'*

Technologies and Social media abilities have improved the means by which program members can be influenced with campaigns and offers but many offers are irrelevant, weak and unattainable and need to focus more on lifestyles and life-stages of the members.

NAME

Mike Atkin

TITLE

CEO

COMPANY

MJA Associates



NAME

Miya Knights

TITLE

Consultant, Publisher

COMPANY

RetailTechnology.co.uk



LOYALTY TRENDS COMMENT

Nobody foresaw how the explosion in consumers' pandemic-induced digital adoption would make knowing who your best customers are imperative. I note the latest digital trends survey from Adobe found nearly three quarters (72%) of consumer brands saw "unusual growth" in digital customers during the pandemic. But over a third (36%) also experienced "unusual churn". This tracks in line with the rising costs of customer acquisition and peaking interest in more effective cross-channel conversion and retention strategies that include traditional and innovative approaches to loyalty.

Business-to-consumer (B2C) operators must use digitally enabled and data-driven customer loyalty insight to drive more

effective engagement and revenue streams through both paid and, increasingly, owned channels. Mobile apps and subscriptions combine the value of loyalty with personalisation and convenience, for example.

But I also see 'zero party' data sharing, blockchain and NFTs investment growth in support of more trustworthy and effective B2B models and coalitions. Microservices based, API first, cloud-native SaaS and headless (MACH) architectures are emerging as a key enabler here, while I'm also closely watching privacy-enhancing computational developments, such as cryptographic algorithms, whitebox implementations and data trusts, to increase the reach, scale and returns on loyalty investments in future.



NAME

Nick Chambers

TITLE

Managing Director

COMPANY

mobileloyaltytechnologies.com

LOYALTY TRENDS COMMENT

Organisations are reinventing their operating models around consumer data; to personalize at scale, respond in real time & continually reinforce a cycle of relevant content & experiences.

I believe this will mean more investment in those value exchanges that help capture consumer consents and those MarTech stacks that enable profitable changes in consumer behaviour.

New payment services are emerging with personalisation at their very core. The permission led approach associated with a loyalty program will evolve to drive the adoption of alternative payment methods such as one-click payments or cashless stores.

Just as loyalty programs have become hidden for Brands like Amazon, the payment process will also be hidden from consumers.

WeChat & AliPay have shown us the way in combining messaging & payments. Western platforms like WhatsApp, FB Messenger & iMessage will follow. Brands will need to find alternative ways to operate where their customers interact. Imagine being on Instagram, seeing a picture of food and ordering it for delivery on Amazon Prime or chatting with a friend on Facebook Messenger and then leaving a tip on their restaurant food bill. This is a 'future' where customers look to interact with Brands in more ways and have the ability to do so much more within their chosen channel.



MOBILE LOYALTY
TECHNOLOGIES



NAME

Paula Thomas

TITLE

Founder and Host of “Let’s Talk Loyalty” – the world’s first podcast for loyalty marketing professionals

COMPANY

letstalkloyalty.com



LOYALTY TRENDS COMMENT

Simplicity: Feedback from customers consistently shows customers confusion with the complexity of loyalty programmes. As customers re-think their priorities through the recent pandemic, they increasing demand simplicity, led by global brands like Google and Netflix who value proposition can be clearly understood, trusted and shared.

Subscriptions: At times of uncertainty, whether an economic recession or pandemic, consumers want to know what they are spending and why. They understand the value of their loyalty and love the idea of benefitting more from the brands they commit to. The subscription business model, when executed well, ensures brands can look forward to a stable base of recurring revenue, and enjoy deeper relationships with customers over a longer period of time.

Loyalty First: Consumers are increasingly demand brands be loyal TO them, before they will be loyal back. Our industry has high expectations of driving profitable customer behaviour changes, but consumers increasingly ask what the brand is doing for them.

Visibility: As loyalty programmes have been used as leverage to raise capital in the airline industry in particular, the extraordinary value they deliver to their parent companies has become increasingly visible and respected. Loyal customers became even more valuable and essential to brands for their survival during the covid pandemic.

Justification: The need to measure the performance and prove the value of loyalty investments is a permanent “problem”. Unfortunately, many loyalty professionals still claim that the higher spend they get from loyalty program members is because of their loyalty programmes. This is not a view that senior leadership teams or finance professionals typically accept, so there is an ongoing need to drive effective and credible evaluation of these marketing investments.

Content: An unexpected one. Content creates loyalty. Whether it’s youtube videos, articles, podcasts or white papers, brands that invest in quality content earn the trust (and therefor loyalty) of their customers.



LOYALTY TRENDS COMMENT

Loyalty marketers need to reject the notion that data, and particularly personal data, is “the new oil”. It is much more valuable than that.

The personal data of the members of your loyalty programme is an asset owned by the member, not by your brand or your business.

Collaborate with your members so the value of their asset increases because of you, not just for you. Coalition loyalty needs to focus on connecting members assets with fresh opportunities that increase their asset value.

Loyalty’s future opportunity is being able to increase the value of your member’s assets as well as create an entire new asset class which benefits you both.

Treat member personal data and package and protect it as you would treat water or oxygen because, without either of them, your loyalty programme will expire.

NAME

Richard Dutton

TITLE

Managing Director

COMPANY

eliaspartnership.com

ELIAS
PARTNERSHIP



NAME

Sarah Richardson

TITLE

Chair

COMPANY

[Australian Loyalty Association](#)



Australian
Loyalty
Association

LOYALTY TRENDS COMMENT

In 2022 Customer loyalty is being thought of as in a significantly wider way than it was several years ago when loyalty teams and budgets were purely spent on structured loyalty programs. Now loyalty stretches across all marketing functions; digital, eCommerce and operations. The area is becoming even more complicated with loyalty practitioners having to be experts in technology, data, communications, constructs and frameworks, research and creative.

Organisation need to be investing in strategic initiatives and the technology to support this development across blockchain as the technology of the future and areas of AI that will allow for sophisticated personalisation. Companies should also not be ignoring Crypto and NFTs as rewards to excite and stimulate loyalty members.

One to one personalisation has to finally become the norm so that companies start to communicate with People as individuals in all their communications with them. Personalisation means that they don't have to trawl through irrelevant information. Personalisation is important from a business perspective because it saves money on wasted reward and communications and develops a far deeper understanding and relationship with customer.

ML and other forms of AI can enable personalization in a way that humans will never be able to achieve. The sophistication of technology will be key to the evolution of personalisation. organisations that are truly serious about personalization will need to make big investments in technology in the coming years.

**NAME**

Shawn Tan

TITLE

Managing Director

COMPANYirewardsasia.com**INTERACTIVE
REWARDS****LOYALTY TRENDS COMMENT**

The pandemic has significantly shifted consumer behaviour across industries. With fast growing ecommerce adoption, social media and internet penetration, consumers can easily compare and evaluate products and services. From pre-purchase search, research, purchase and post-purchase experience, businesses need to align their loyalty strategy to influence consumer behaviour across these events.

With the rapid pace of digitization, transactional loyalty data alone is no longer sufficient to accurately gauge customer value.

Businesses need to adopt an omni-channel approach to data collection to have a holistic view of customers. Data sources such as social media, surveys, reviews, e-commerce, web and mobile activity, are essential to build the right insights for deeper customer engagement. Businesses who can do these well, coupled with the ability to harness the right customer data and insights and orchestrating the right action in the right time and channel, will have the best chance of success.



NAME

Simon Rowles

TITLE

Managing Director

COMPANY

www.beyonde.co



LOYALTY TRENDS COMMENT

Value of the Australian market gets halved and the biggest companies get a first party data lead

As GDPR stumbles internationally the Australian regulator is tightening loyalty privacy legislation including covertly identifying loyalty program customers through their credit cards. Australia payments regulation took 15 years to deliver the same result the UK reached in one and halved the value of credit card loyalty programs (which are themselves half of all the loyalty investment in Australia). Finally Open Banking regulation didn't create the start-up challengers we've seen in the UK but instead armed our biggest enterprises in Woolworths, Commonwealth Bank and Qantas with powerful first party customer data capabilities not seen elsewhere.

More loyalty programs launching and more new capabilities deliver ever greater competition

More Australian enterprises are launching new first party data capturing loyalty programs using more loyalty providers and platforms than ever before. The biggest existing programs are all merging payments, loyalty and shopping experiences to continue growing. Woolworths Everyday Rewards is already the country's largest program at 13 million members but added 500,000 members in the last year.

To compete loyalty programs are finding the loyalty differentiators being used by the biggest banks, retailers and airlines in Europe and the USA and importing them to Australia. We're seeing customer loyalty strategies that include first party data sourced through privacy preserving analytics and data trusts, NFTs as program tokens, contactless payment disappearing into contact free inside loyalty programs and multiple investments to build the next generation market wide loyalty program.



NAME

Yuping Liu-Thompkins

TITLE

Professor of Marketing and
Director of Loyalty Science Lab

COMPANY

[Loyalty Science Lab.](#)

Old Dominion University



LOYALTY TRENDS COMMENT

2022 (and likely 2023) will be a year of recovery. With consumers settling into a more routine life, this is a time when the choices consumers make now will have longer lasting implications for businesses. Loyalty will be at the forefront of that.

A successful business needs to build the right loyalty model into its overall business strategy, influencing wide-ranging areas such as product development, brand communications, journey design, and even hiring. To get higher-level buy-in for a more central role of loyalty, loyalty teams need to become better at measuring and demonstrating the ROI of loyalty. This ROI measurement and demonstration needs to be adapted to each business's specific situation and needs to go beyond the well-known loyalty statistics that we have seen frequently over the last two decades.

Another trend we will see is the need to better understand and integrate brand and customer loyalty across channels. The digital innovation expedited by the pandemic has led to much discussion about new modes of shopping and friction reduction.

But beyond cross-channel customer experience management, businesses need to better understand consumers' loyalty calculus across channels. Do consumers follow a top-down approach or a bottom-up approach when it comes to brand/store loyalty vs. specific channel loyalty? The answer is likely diverse across consumers. Businesses need to identify which consumers use what loyalty calculus and manage their cross-channel experiences accordingly.



Contact Us

The Customer Strategy Network is passionate about customer engagement and seeks to promote innovation within an ever-changing marketplace through the collaboration of its global Partners.

Speak with our Partners and share your own experiences by contacting them directly.

www.customerstrategynetwork.com