

The BIG Handshake **Loyalty**, 2024

Mastering Deep Engagement for Program Refreshment Certified Loyalty Marketing Professional™ (CLMP™)

Facilitated by

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WISE
MARKETER
GROUP

the wise
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The Global Voice of Customer Loyalty

 **LOYALTY
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Customer-centric Mindset

“You’ve got to start with the customer experience and work back to the technology. You can’t start with the technology and figure out where you’re going to sell it.”

-Steve Jobs (1997)



The Loyalty Definition Dilemma



L
oyalty

VS

I
oyalty

The discipline of Loyalty Marketing is more important than a program and CRM alone



The art and science of Loyalty Marketing must be connected to the corporate operating structure

A Strategic Pillar of Loyalty Marketing

The Optimum Value Proposition Blends Reward and Recognition:

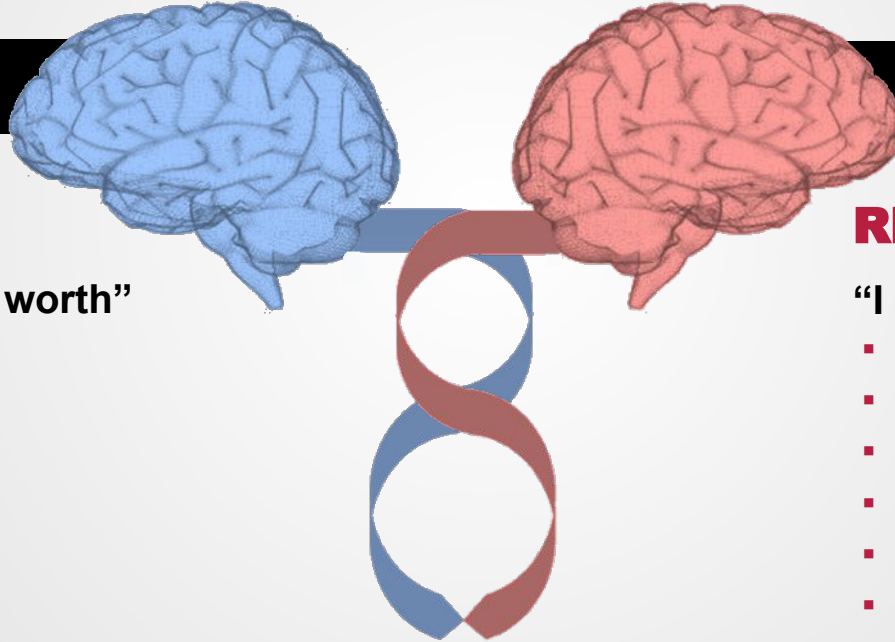
“Man is an economic animal in search of self-importance.” Brian Woolf – Customer Specific Marketing

RATIONAL

REWARDS

“I get my money’s worth”

- Offer
- Transaction
- Points
- Dollars
- Calculations
- Mercenary



EMOTIONAL

RECOGNITION

“I am a valuable customer”

- Community
- Special access
- Special privilege
- Exclusive benefits
- Preferred pricing
- Experiences

Long-term loyalty

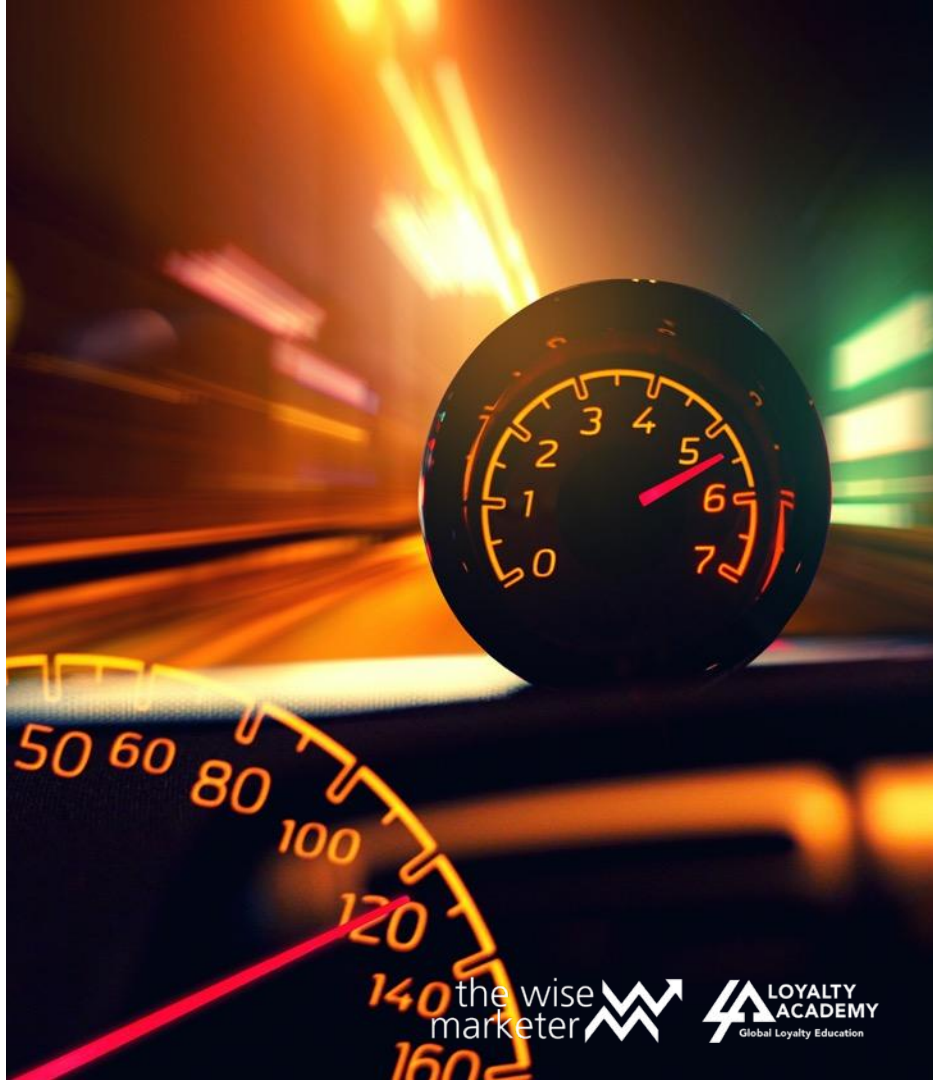
Exercise



What loyalty programs are you most engaged with on a personal level?

Discuss with your table for 5 minutes the reason(s) why.

We will then debrief as a group for 5 minutes.



Program Refresh

4 Words for Loyalty in 2024

TRUST

Making a commitment to building trust with our customers (those people we hope to refer to one day as “loyal”) should be the North Star guiding how we create customer experiences

TRANSPARENCY

The litmus test of transparency is what our customers see through the lens. If they see the lens as a bit cloudy, then it probably is, and we need to clean up our approach.

RELATIONSHIP S

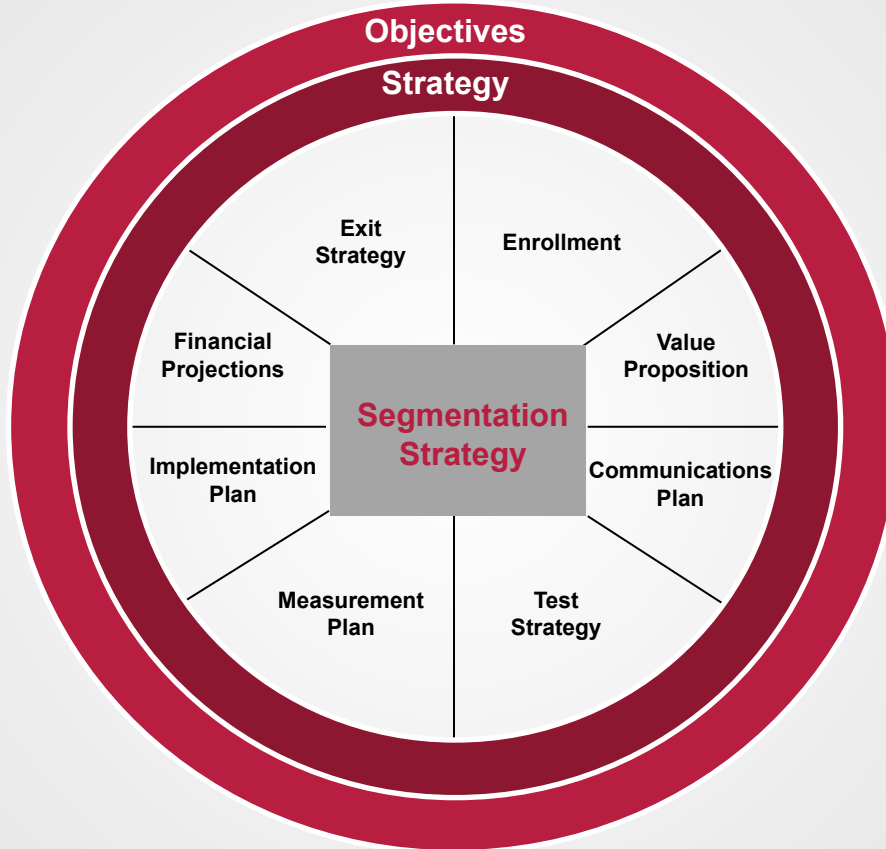
Customer loyalty is less about making anyone truly “loyal” and much more about changing behavior. Relationships are fundamental to increasing customer lifetime value and “relationships grow at the speed of trust.”

GRATITUDE

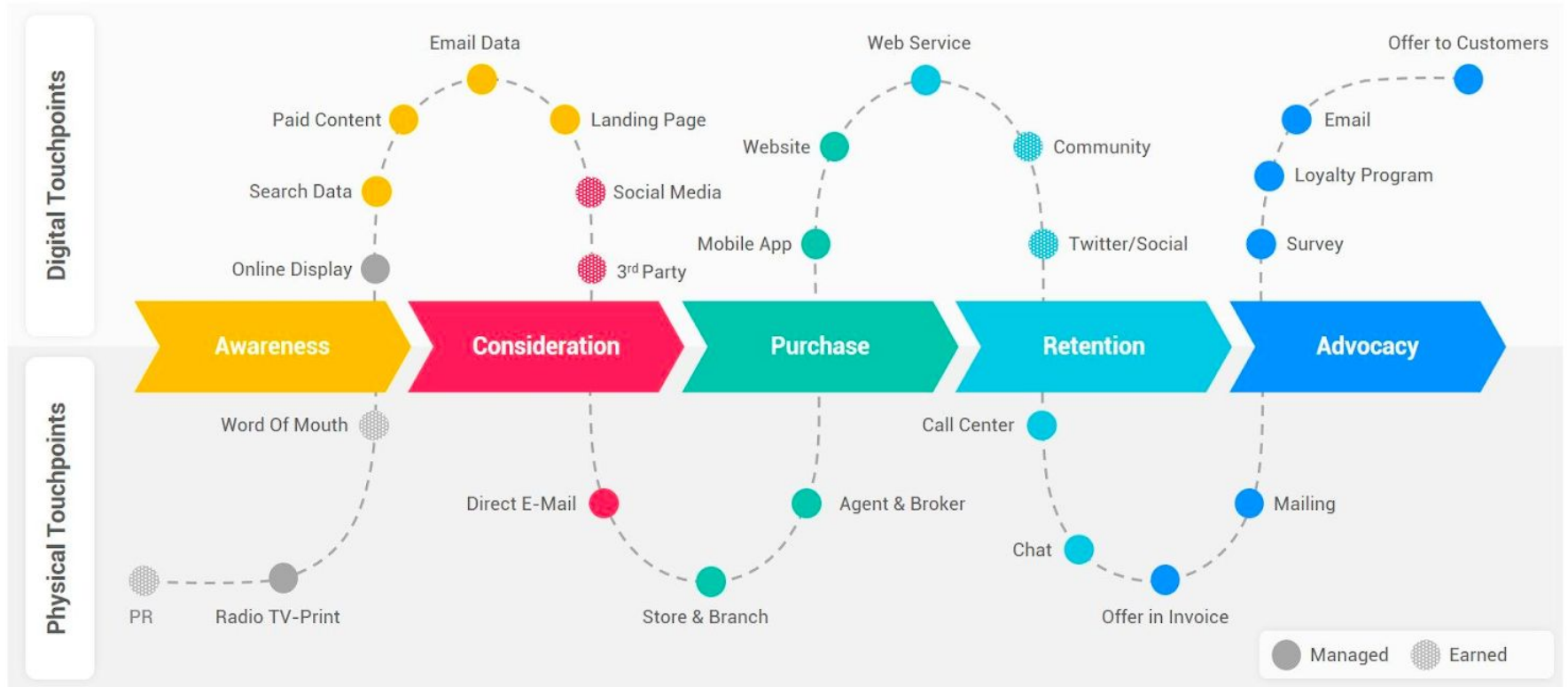
Gratitude is the secret power of many successful people. The pandemic changed our outlook on the world as we knew it. Will 2024 will be the year that we can Boldly express our gratitude for our best customers?



The Loyalty Design Roadmap



Typical Customer Journey



Customer Loyalty Outcomes

Behavior change has a wide range of expression

- Brand engagement
- Repeat visits & purchases
- Share of wallet
- Customer retention
- Product penetration / Cross-sell
- Referrals and social advocacy
- Feeling of community and camaraderie
- Higher margins
- Lifetime value

Combinations from all of the above

Strategic Planning

A Loyalty Program Must Evolve Or Will Become Irrelevant:

- Plan **program upgrades and refinements** well in advance of market introduction
- Extract **actionable insight** from program data to increase value and relevance
- Know the **role and influence of new technologies**:
 - Mobile apps
 - New payment solutions
 - New reward options / new soft benefits
 - Wearables (i.e. Apple Vision Pro, Ray-ban Meta, etc)
- **Adapt swiftly** to changes in market forces and cultural trends



Strategic Objectives & Tactical Execution

Strategic Objectives

- Assess customers according to value
- Retain customers with currency high value or potential value
- Increase their gross margin contribution

Tactical Execution

- A loyalty “value exchange” to facilitate identification, retention, incremental behavior
- Productive dialog that facilitates data capture to build relationship equity
- “Added value” mechanisms that influence choice





*Strategy gets 1 point,
Execution gets 9*

**Danni Pearce, CEO 7-Eleven,
DFI Retail Group**

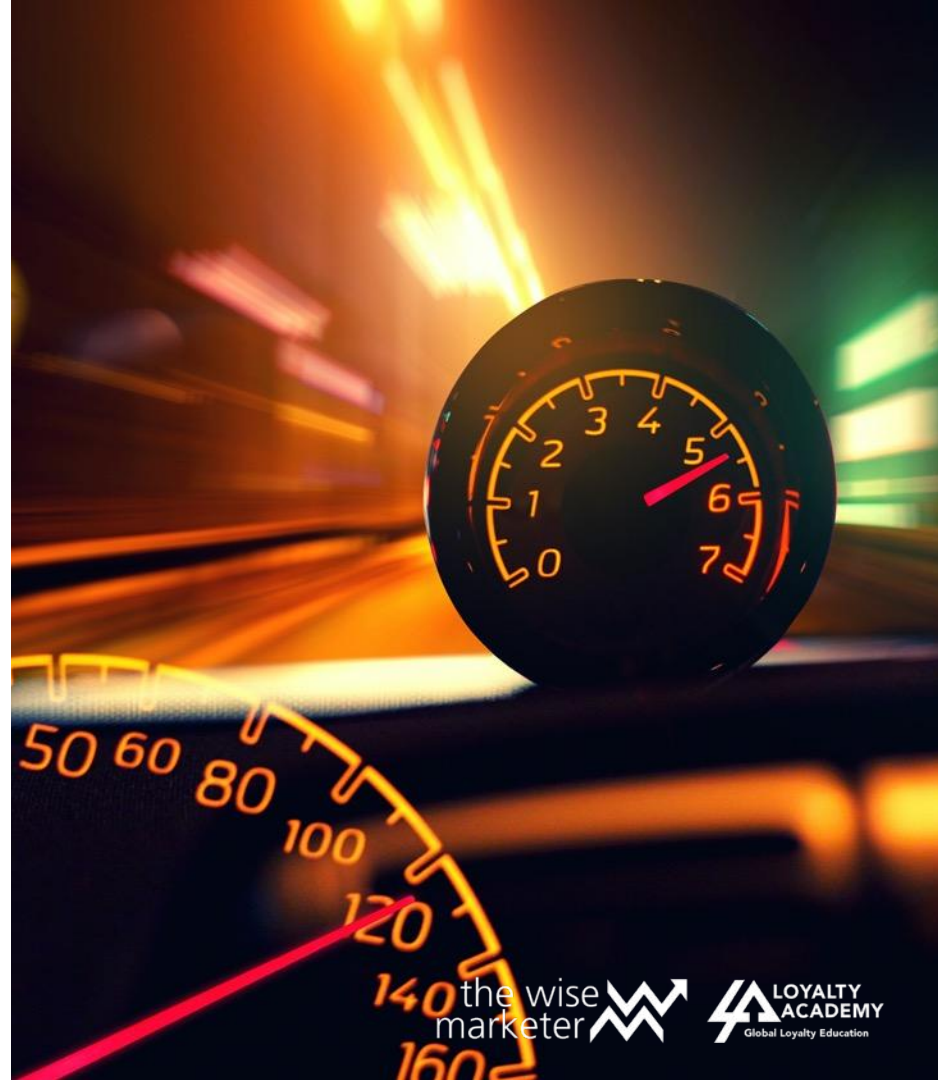
Exercise



What terms correlate most to your use of Gamification?

We will take 5 minutes to discuss as a group.

1. Badges and Leaderboards
1. Contests (i.e. spin-to-win)
1. Promotional tactics
1. Engagement
1. Customer Journey
1. Other



Deep Engagement



WISE MARKETER STAFF JANUARY 3, 2024

The Wise Marketer™
Strategy Brief Series: Deep
Engagement & Gamification



Engagement & Gamification
Strategy Brief Series: Deep

Customer Quest: The Hero's Journey to Brand Loyalty and Advocacy

What is “Deep Engagement”?

An intense and focused connection between customer and a brand that loyalty practitioners can harness to create compelling marketing experiences and beneficial business outcomes

Deep Engagement Design

Designing engagement pathways that foster deep participation is an art and a science

Requires understanding of:

1. Human behavior, motivation and emotional needs
2. Technical expertise in game mechanics, narrative and aesthetics



Player-centric Design

Must understand target audience – likes, dislikes, ambitions, and experiences seeking through insights – player research, user experience testing, real-time feedback

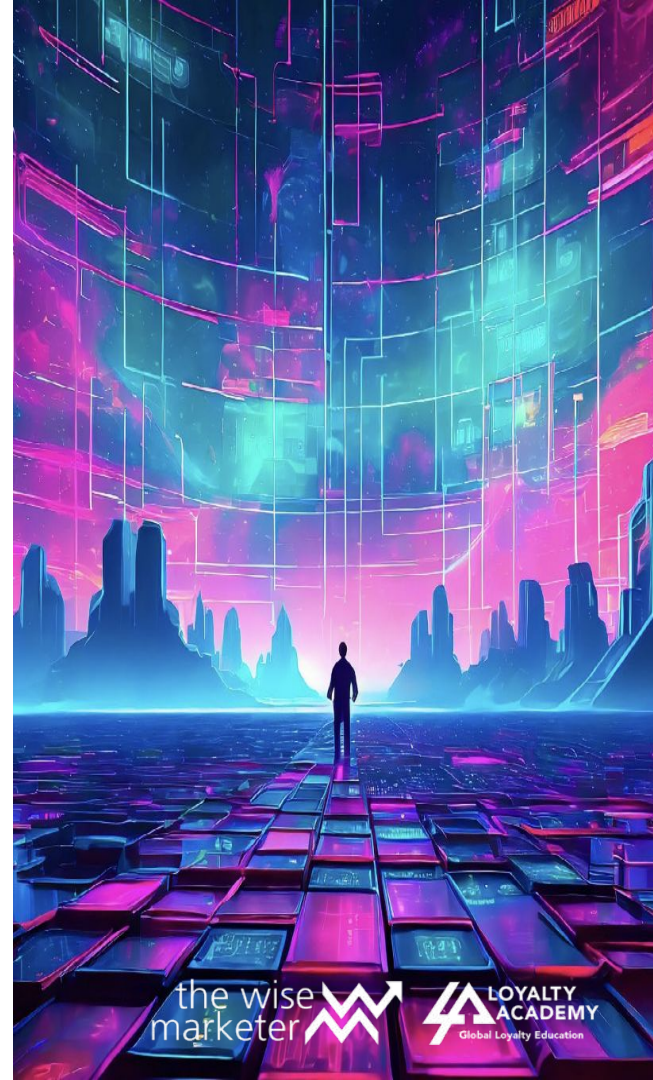
Game Mechanics: Challenge and Reward, Story-telling

Provides a sense of achievement and progression

- Rewarded with incentives to continue playing – virtual currencies, unlocks, narrative content

Story-telling and world-building establish a connection to brand identity/purpose

- Ensure familiarity and continuity
- Incorporate well-developed characters
- Surprise and unpredictability elements – hidden bonuses, random events – to create anticipation
- Social integration – cooperation, competition



The Connection to Loyalty

8x

efficiency
traditional
marketing

39%

increase in
engaged
users

68%

community
participated



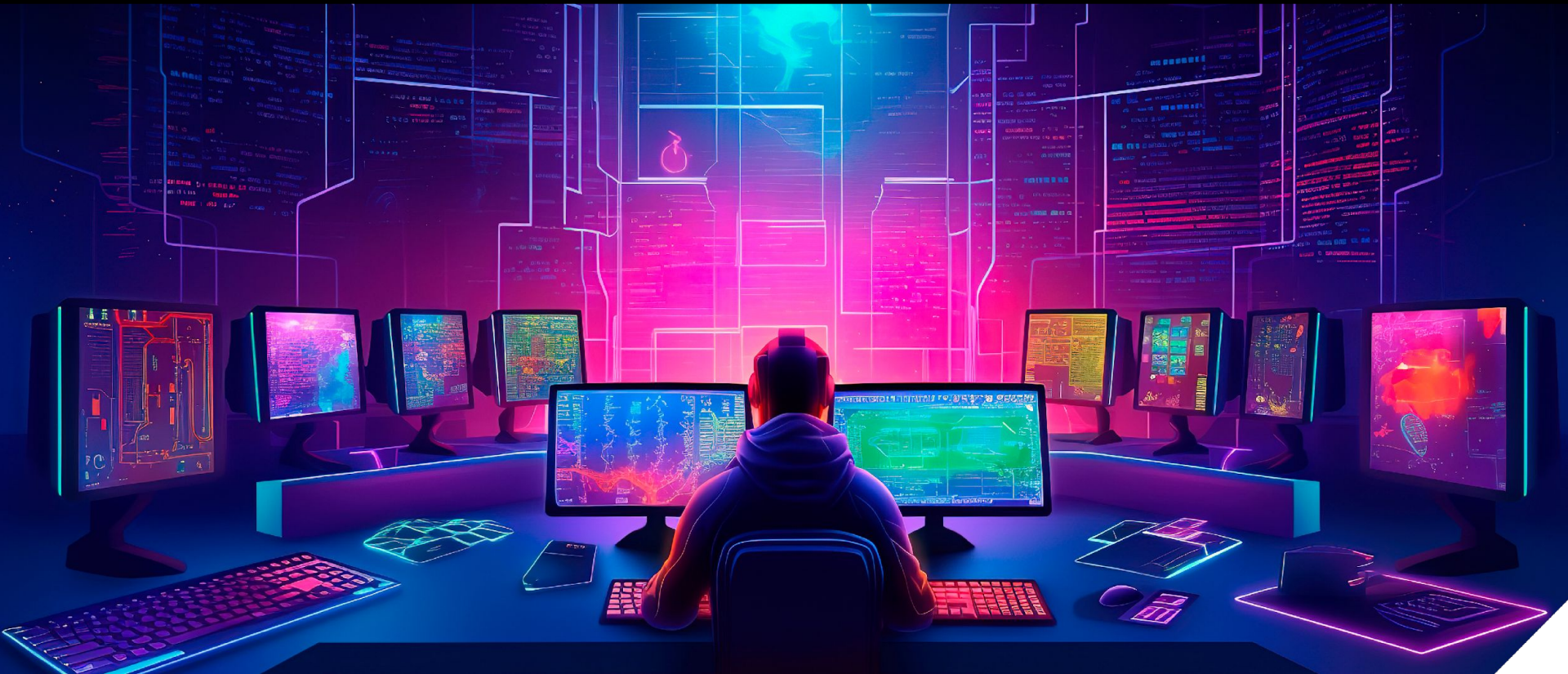
Sisal
Fun Club
2024

C'è solo un gioco dove puoi divertirti
e vincere premi reali Scarica l'app

the wise
marketer

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“Deep engagement, a principle born out of gaming, is far more than a buzzword. Rather, it represents a profound understanding of the connection between individual and their entertainment experiences.”



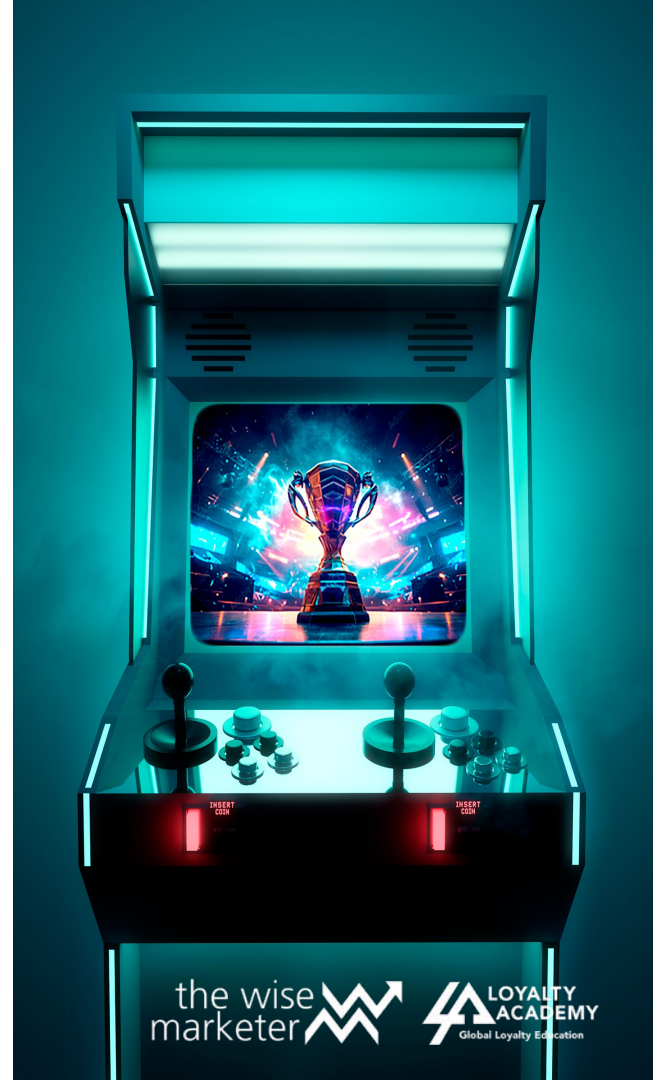
The Art of “Funstration”

Traditional Loyalty Thinking

- “The customer is always right”
- Make CX smooth and effortless
- Best CX provides the most direct route through the path-to-purchase
 - Adoption of tap-to-checkout, curbside service, AI, virtual online shopping, etc.

“A happy customer is a repeat customer!”

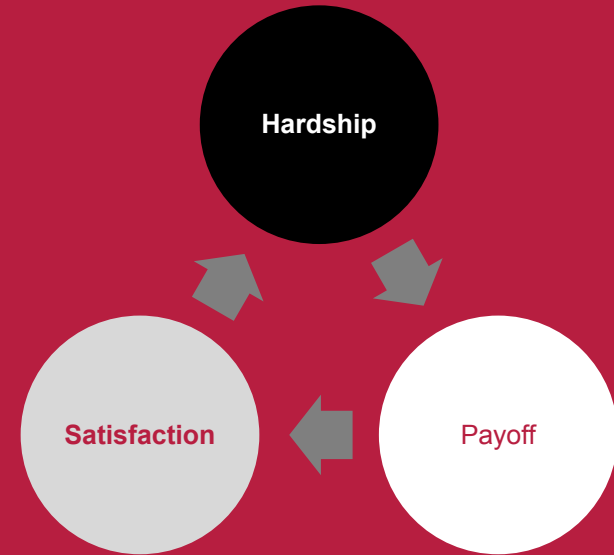
- Is this creating predictable and uninspired interactions?
- Are brands in danger of disengagement or indifference?



The Art of “Funstration”

Frustration + Fun = Funstration

- Psychology of game play has revealed that managed customer frustration is useful and necessary to build optimal CX and foster healthy and long-term customer relationships with the brand
- Frustration without hope for a desirable outcome is quite simply Undesirable and dissatisfying, especially in the absence of fun
- Balancing frustration and fun is an essential capability in the loyalty marketers playbook
- Ensuring the concept of personal choice (or an illusion) is important for customers to feel like they are in control



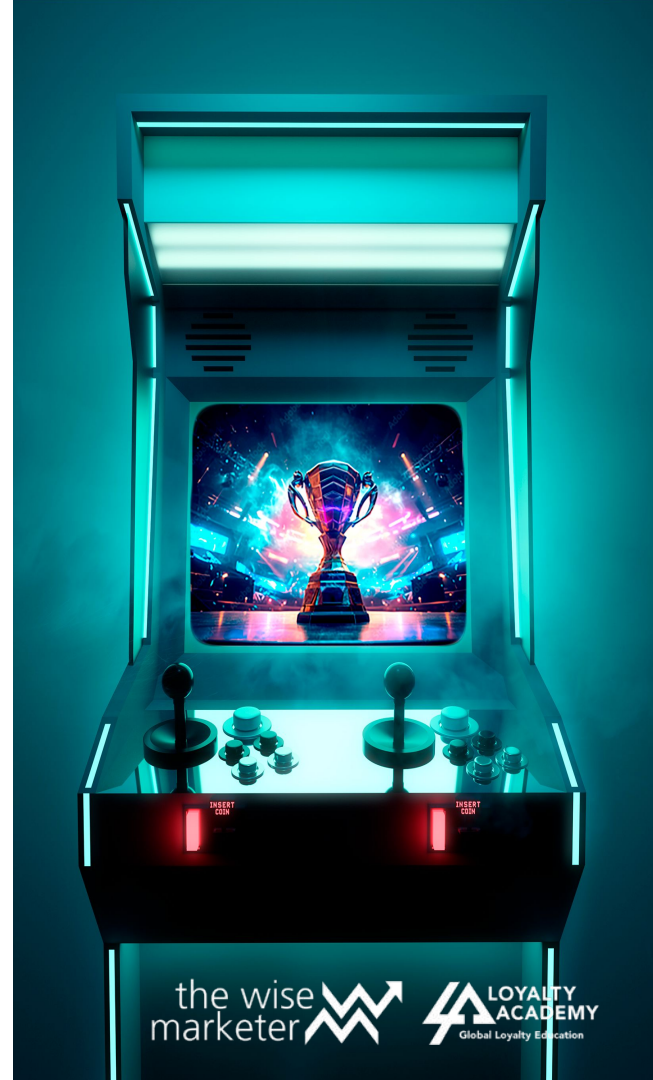
“Funstration” In The Every Day

Sports, Lottery, and Casino Gambling



Integrating “Funstration” into Loyalty Mechanics

1. Consider the trade off
1. Maintain a fair points economy
1. Recognize the power you wield
1. Monitor and listen to your community
1. Resist the temptation to manipulate
1. “Funstrate” responsibly



The Fortune Cookie Archetype

- Originated in the USA in 19th to early 20th century by Chinese Immigrants in San Francisco as a traditional Chinese sweet with an inserted message that was intended to bring customers good luck and happiness
- Cracking the cookie brings subtle feelings and emotions: self-discovery, personalization, suspense, unpredictability + your craving for sweets is rewarded
- Simplicity in broadening the value proposition of the customer experience by introducing unique, compelling, and entertaining engagement
- Does not sacrifice the core ecosystem or resort to expensive and flashy interfaces to deliver



Principles of Deep Engagement

Surprise and Intrigue

- Deep engagement loop is created as unpredictability captivates us and keeps us on the edge of our seats, driving suspense about “what’s next”

Loyalty Playbook

- Weave into the customer journey surprising rewards, randomized incentives or unexpected challenges
- Transforms a linear, transaction-based loyalty journey into an intriguing engagement pathway
- Watch out for not making the pathway to challenging or opaque for customers – “light at the end of the tunnel”



Principles of Deep Engagement

Desire for Reward and Achievement

- Members of loyalty programs (aka customers) have an inherent desire for rewards and achievements
- Receiving a reward holds significant motivational power
- Should be central to your loyalty program design

Loyalty Playbook

- Establish mechanisms to offer intrinsic rewards upon task completion – points, badges, gifts – that make the member feel valued, acknowledged and motivated to continue
- Create a balance of action and reaction to compel return, continued engagement, and work to be rewarded
- Rewards should be commensurate with effort required



Principles of Deep Engagement

Applying Funstration Appropriately

- Adjust frictionless experiences to remove mundane and routine points of interaction and provide purposeful interactions to transform the customer journey

Loyalty Playbook

- Finding the right balance is key – introducing ideas that are excessively disconcerting, provocative, or don't align with the brand promise or loyalty promise can lead to backlash and disengagement
- Consider implementing by way of tiered reward systems, where each level presents its own unique challenges and rewards – tangible rewards + sense of accomplishment
 - Challenges need to align to customers ability and rewards must be suitably exciting (with levels progressively harder)



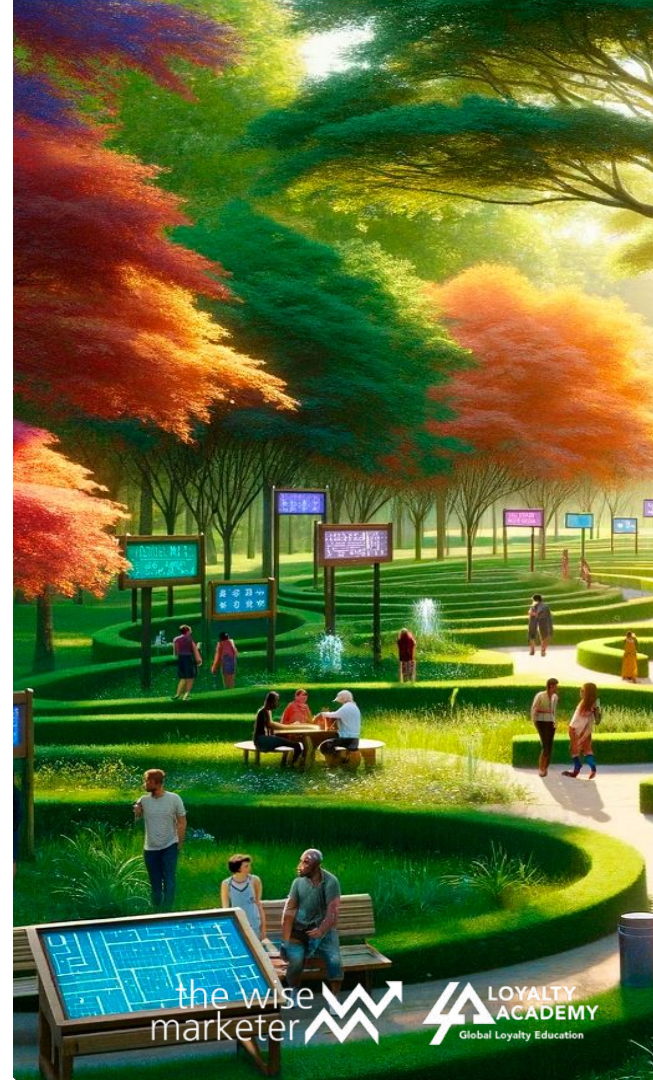
Principles of Deep Engagement

Social Scenarios

- Social features, as a game mechanic, have become normalized with mainstream components driving motivations, competition, and cooperation
 - Examples: Internet-connected capabilities with voice interaction, leaderboards, and team quests/guilds

Loyalty Playbook

- Integrate a points system that rewards individual actions AND social sharing/interaction towards a common goal
 - Social components improve metrics like digital shares, reviews, and/or recommendations
- Generate advocacy by providing rewards for online social engagement (i.e. points for sharing experiences, achievements, or reviews on social media platforms, etc)



Game Play

Exercise





“Ask Me” Anything

- ❑ **Congratulations, you've earned 1 credit towards the Certified Loyalty Marketing Professional™ designation**
- ❑ **You can earn another credit online by taking one free course (retail value of \$225 USD) ... and you can earn more credits by attending future ELA regional Hub meetings or *The BIG Handshake***
- ❑ **You can continue your certification online at an ELA offer of \$1,500 USD (\$250 discount from the on-demand retail price of \$1,750 USD)**
- ❑ **ELA offers CLMP™'s a complimentary 'Professional Membership' for 12 months (Brands/retailers only) - usual price is €399**
- ❑ **The CLMP™ Community is nearly 1,000 strong across 54 countries**

Thank you!

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