■ VALUE-ADDED SERVICES

The customer is always right

Even more so when it's a digital customer

Loyalty and engagement are the bedrock of value-added services, so what can businesses do to leverage data and better manage how they interact with consumers? **Adhish Kulkarni** offers some insights

In business and commerce, the fact that the customer is always right – even when he or she is wrong – is axiomatic. In the digital era, this is even more so. With the greater choice and ease of purchase that digitisation affords the consumer, the importance of meeting expectations… increases in importance.

This is in large part why the loyalty 'industry' has undergone a sea change over the past five years. In that time, old models based on static, transactional points-based programs have given way to a set of new, highly engaging approaches to retention that are built for the new generation of demanding, social media-empowered digital natives. 'Engagement' is now a key part of 'Loyalty'

Digitisation has created a new breed of savvy customers who are quick to voice their dissatisfaction when things don't go their way, who are happy to challenge the status quo, and who are quick to change loyalties if their demands are not met.

But if that's the 'problem' for service providers, it's also the opportunity. Digital consumers have a powerful ability to amplify brand messages via social channels. They can become

ambassadors and, as such, relationships with them should be nurtured as they have the potential, if tapped, to provide far more impactful marketing messages than traditional advertising can.

And this (the present) is just the start. The future of digital engagement and loyalty will be underpinned by the acceleration of technology-led change and the continuing rise of this digital consumer. I believe the following key pillars will define how brands will drive customer loyalty in this always-on, ever-connected world:

Intelligent Customer Engagement – The focus on customer engagement has become a priority for any business operating on a digital platform. In the loyalty sphere, this is critical in keeping customers satisfied and maintaining a long term, active relationship with the brand. The digital channel allows businesses to engage customers in real-time at the 'moment of truth', no matter where they are or when, with gamified mechanics to keep them excited, satisfied and engaged.

Deeper insight through analytics – The amount of data available to brands continues to grow at an exponential pace as consumers use digital chan-

nels to interact and transact, thereby leaving digital footprints that provide insight on the entire customer journey from initial awareness through to post-purchase satisfaction. For loyalty programs, this data will form the basis for personalisation, reward relevance and designing superior customer experiences.

More choice through an open partner ecosystem – The walled garden approach of traditional loyalty players is giving way to a more open ecosystem of partners where loyal customers can 'spend' their credits with a host of different partners. The digital channel has opened up the opportunity to integrate with physical and digital partners at a global scale. This trend of openness is here to stay, and will remain a key element for brands to remain relevant and secure ongoing engagement within their loyalty programs.

Catering to always-on and omni-channel – Loyalty programs are having to adapt to an always-on consumer who is channel agnostic, expecting the brand to engage on email, app, Twitter or SMS and all in real-time. This is both a challenge and an opportunity to engage with customers in

a highly relevant and timely manner. The biggest challenge is to provide a meaningful cross-channel experience at the right level of frequency.

By applying the key pillars listed above, motivated brands can build truly successful relationships with customers, based on a broad portfolio of merchants supported by a simple reward redemption journey. The digital channel offers a powerful opportunity to upgrade traditional communication and engagement approaches to become far more segmented and relevant based on observed customer behaviour and stated customer preferences. As a result, the future of loyalty is very exciting as new channels and technology reduce the friction seen in traditional programs and open up new channels of interaction, transaction and engagement.

BLOCKCHAIN AND AI
No discussion on the future of loyalty would be complete without addressing the hype around blockchain and artificial intelligence.

In my view, blockchain-based solutions are still at an early stage of development. In the future, they may help reduce transaction and operational

costs for broad-based loyalty programs that have a wide set of partners and merchants but today there are no real 'burning platforms' which make blockchain a requirement to succeed. We continue to explore blockchain within the R&D lab and, if appropriate, will bring blockchain options to the table. But we do not see this as likely to become a major requirement for the industry in the next two years.

Artificial Intelligence, on the other hand, is a natural progression for loyalty platforms, building on current predictive analytics and machine learning capabilities. As data volumes continue to grow exponentially and digital channels fragment, marketing automation will become even more important in order to engage with customers during the 'moment of truth' when they interact with the brand (transactions, call centre, website, app etc.). As a result, loyalty programs have to be committed to driving forward on the Artificial Intelligence agenda, incorporating capabilities in their core platform roadmap, and making the output accessible internally and to partners.

The future of loyalty programs in all their likely flavours is exciting as digital engagement becomes the core strategy around which customer interactions, rewards, redemption and optimisation revolves. However, having worked in mobile for almost 20 years, I know that change is constant and happening at a faster rate than ever before.

With that in mind, the strategy I recommend is to be as open as possible in terms of:
• integrating with a broad set of data sources (gathering information).
• applying the latest intelligence to optimise recommendations.
• ensuring a continuous stream of reward and redemption mechanics.
• operating on a channel-agnostic basis to reach consumers anywhere and anytime.
• building an open set of APIs that can integrate with an ecosystem of partners. ⊞

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