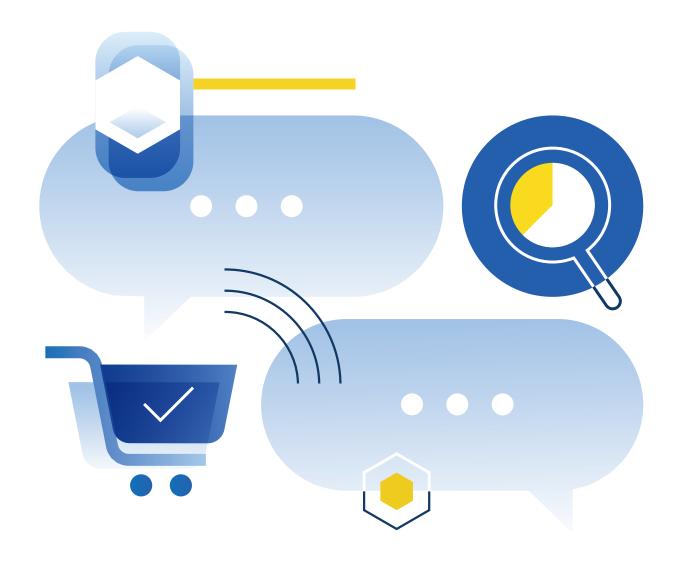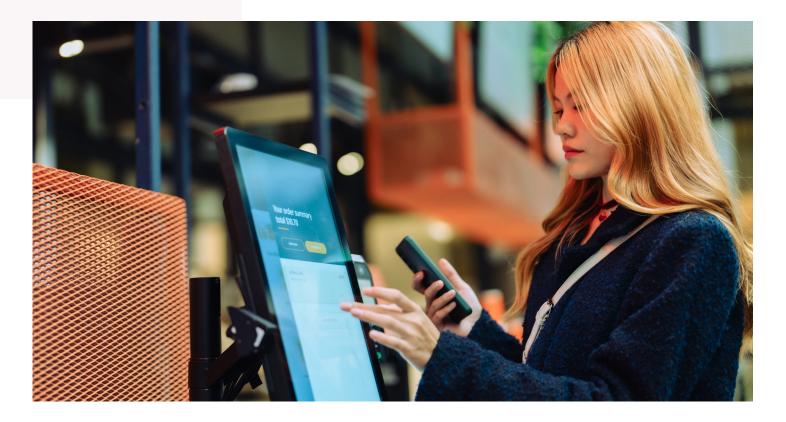# Unlocking Customer Loyalty

Driving Business Value and Emotional Connection

CapTech®

Customer expectations continue to grow as industry leaders deliver advanced innovation and AI solutions that offer hyper-personalized experiences and large-scale loyalty strategies. As these leaders create a high benchmark, it can be challenging for other businesses to know where to start, what to change, and how to keep up with the fast-paced landscape of customer loyalty and outreach.

Brands that are both intentional and strategic in their customer experience approach, data strategy, AI adoption, and technology ecosystem can create a highly personalized loyalty experience for their current and prospective customers. They can create lifelong customers while increasing business growth, nurturing community and trust, and reducing acquisition costs and manual merchandizing efforts.

Fortunately, the roadmap and steps to fostering positive change within customer loyalty can be done incrementally. Both large and small investments can have a major impact across business, technology, data, and creative/marketing program areas.

Effective Customer Loyalty Requires an Emotional Connection

Simply put, brand loyalty means having repeat customers that are committed to buying from your brand over a competitor's — potentially even at a higher price point. Higher brand loyalty can bring significant business value through increased average order volume, increased customer lifetime value (CLV), improved customer engagement, and reduced new customer acquisition needs.

A successful customer loyalty program, however, should extend beyond repeat customer metrics, short-term responses, and financial rewards to consider customers' emotional drivers.

By including emotional indicators to priority sessions and program outcomes, brands can establish a deeper and trusted relationship with their customers.

Organizations that approach loyalty as a combination of brand affinity (the personal, emotional relationship with a brand) with brand loyalty (repeat purchasing behavior and brand commitment) will have greater success. For example:

- **Earned trust** can encourage customers to be more open about their interests, which, in turn, can increase conversion rates and average order values (AOV).

- **Higher customer satisfaction** can increase customer referrals, constructive feedback, and two-way collaboration within the community.

- **Stronger brand affinity** can provide a safety net for a lag against competitors, relieving the pressure of a brand to be the first to market.

EMOTIONAL DRIVERS OF LOYALTY

- Reliable
- Committed
- Empathetic
- Trustworthy
- Authentic

Evaluate Events to Build Brand Loyalty

Building an emotional connection and developing trust requires an objective evaluation from stakeholders about how their brand may cause events that either strengthen or erode the loyalty connection. These events can stem from a variety of internal or external factors, be intentional or unintentional, or develop from business, technology, or data actions.

↑ Loyalty Enhancers

Relevant content and campaigns

Consistent messaging across all touchpoints

Adequate, 'just-right' rewards that are meaningful

Balanced engagement frequency to avoid overwhelming

Reliable, frictionless technology to prevent disruption

Tiered incentives to encourage stickiness

Cohesive customer touchpoints regardless of channel

Authentic brand messaging

Partners as differentiators

↓ Loyalty Detractors

Incorrect personal or account information

Incorrect order data, billing issues, or inaccurate pricing

Lack of incentives despite relationship history

Messaging that is opposite of a customer's interests or beliefs

Perceived imbalance in the relationship

Security breaches and data loss

Overcommunication

Lack of human touch

"Friction-full" experiences

Knowing Your Customer Improves the Effectiveness of Loyalty Touchpoints

There are varying degrees of customer loyalty expectations; as such, it's important to identify target audiences to improve outreach and program effectiveness.

Customer expectations, loyalty incentives, and brand affinity messaging can differ across business model, industry, audience segment, and purchasing power. The same incentives that exist for a direct-to-consumer (DTC) retailer may differ from the motivators of a business-to-business (B2B) customer of a manufacturing distributor.

A B2B manufacturing and parts buyer may appreciate consistency and predictability. They may be loyal due to frictionless one-touch re-orders and promoted synergy offerings to reduce cost, and they may appreciate proactive outreach on better price tiers and rebates based on historical and predictive buying habits.

On the other hand, a retail consumer may appreciate curated promotions specific to their interests. Consumer upsells can highlight product accessories based on purchase history and registered owned products, while a tiered loyalty program can offer early access to new items, trade-in programs, and dedicated customer service lines.

Customer journey maps and persona definition provide the basis for identifying the customer touchpoints across each channel and the technology investments needed to support them. From there, rich persona development and comparative industry analysis helps identify and define the unique customer motivators that drive brand affinity, create emotional connection, and build trust.

Unified Data Drives Great Loyalty

Good data is at the heart of great loyalty initiatives and presents itself in multiple fashions. For example:

Timely and accurate data reinforces customer assurances and encourages trust for the brand. Conversely, incorrect pricing information, ambiguous item descriptors, and incomplete account information can introduce skepticism and begin eroding brand confidence.

Having a clear and holistic understanding of the customer (i.e., customer 360) informs the messaging and campaigns created by merchandizers, and arms customer service agents with a holistic view to upsell, troubleshoot, and impress more effectively.

Unfortunately, it's common for organizations to feel overwhelmed with the state of their data. For example:

- Reliance on third-party SaaS products (e.g., e-commerce, survey, event management, etc.) can create siloed data farms.

- Legacy enterprise systems can hold decades-old information supported by undocumented scripts.

- One-off internal projects create standalone data sets.

- A lack of data governance perpetuates unstructured, incomplete, and/or duplicative data results.

A combined technology and data discovery is critical to understanding your data sources and creating a modern data strategy.

Documenting and mapping your business and master data objects (e.g., customer, product, price, contact), incoming internal and third-party data sources, and outgoing data consumers allows you to identify the steps and gaps for moving towards improved data maturity and governance.

Technology Approach

For smaller organizations with fewer technology platforms and a single customer commerce channel (e.g., online direct-to-consumer), creating a loyalty program is more straightforward. The focus should be on 'buy over build' and finding commercial products that offer pre-built connectors to existing core investments.

These near plug-and-play options can provide a baseline for personalization, loyalty, and consistent messaging across marketing campaigns, commerce pages, and content blocks.

For larger, enterprise organizations, a brand's Enterprise Resource Planning (ERP) solution is typically a central component to loyalty, customer 360, and personalization as it typically holds customer, order history, and product information, along with potential pricing, cost, and vendor/supplier details.

Yet many brands are challenged by their back-office solutions. Barriers may include an aging ERP, on-premise deployments with no connection to cloud and SaaS investments, and/or multiple siloed ERPs of differing technologies created from past acquisitions.

A mantra of "optimize data out, selectively automate data in" can help teams deliver substantial value while working around the constraints of their ERP and avoiding a costly modernization effort.

Optimize Data Out: Using a well-known data integration platform or highly specialized connectors for a legacy ERP allows organizations to both accelerate and optimize the mapping and data streaming process.

Selectively Automate Data In: Writing back to an ERP requires careful consideration for integration type, format, and existing business rules. Brands may spend too much time and nuance transforming and writing 1–2 data objects back into a fragile ERP, whereas more value can be derived from pursuing integration to other systems and reporting solutions.

Once raw data streams are landed into a centralized location, data cleansing and enrichment activities can transform disparate, inaccurate, and mismatched datasets into understandable and valuable commodities to the business. Enriched and harmonized data can power personalization engines; feed predictive, generative, and agentic AI functions; and create a rich, centralized and comprehensive view of the customer.

It's Time for Brands to Deliver

Loyalty is no longer just a solution to offer customer promotions and tracking rewards. Customers expect more. They expect personalized conversations, tailored experiences and mutual trust. And the onus is on brands to deliver.

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