

# TOTAL LOYALTY

Two loyalty strategy experts,  
Julie Bustos and Michelle Wildenauer,  
explain why brands embracing loyalty's  
future should expect enormous  
opportunity.

Ogilvy EXPERIENCE



# LOYALTY: MORE THAN EVER

## The future of loyalty is more human and more creative than ever.

Why? Because the past year has accelerated changes in the ways we work and learn, the ways we transact business, and the ways we connect with one another.

After the disruption and emotional turmoil brought on by COVID-19, social unrest, and divided politics, we're more selective about how we spend our time and money, and we desire experiences that are both authentic and engaging. The things that matter to us have come into focus, and we care about protecting those, whether that means spending more time with our families, improving our personal wellness, and/or standing up for social justice. We're looking for reassurance, safety, and security. And our focus is more local, more purpose-driven, and far more digital.

The future of loyalty isn't about points, miles, and sales—it's much bigger than that. It's about creating brand advocates and inviting them to feel a part of something greater. It's about inspiring people, involving them, and rewarding them. And it's about making them feel good every single time they experience your brand.

This isn't loyalty squared up in a new frame. This is honest-to-goodness new loyalty. And for brands that recognize loyalty's future, these changes bring enormous opportunity.



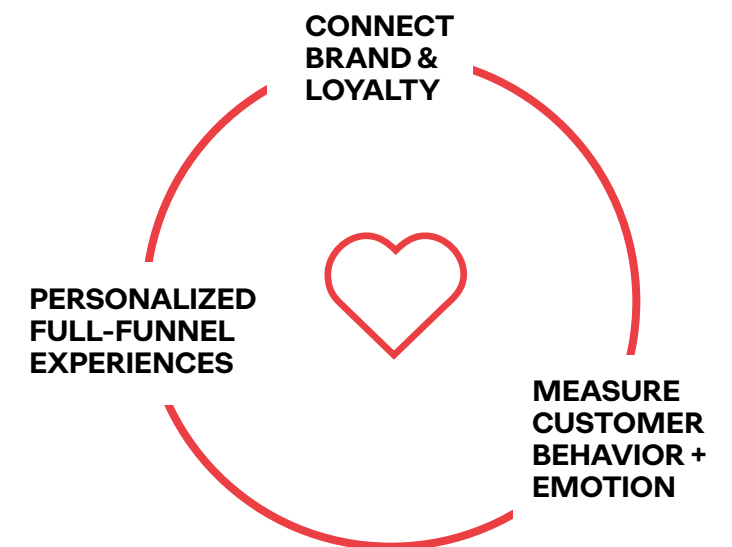
# GETTING UP CLOSE AND PERSONAL

One of our executives had just sat down on a Delta flight—her first since the pandemic began—when an attendant greeted her by name: “We see this is your first flight in 13 months, and we’re so glad to see you and appreciate your confidence in us.”

This senior vice president at The Lacek Group was amazed by the gesture, noting that this personal welcome made a big impact on her—and is just one more reason she’s a brand advocate for Delta.

*Total loyalty* defined is akin to devotion. But how does a brand get there? In brief, by identifying what customers value in a brand and then leveraging that to drive loyalty—plus using tech, data, and automation (in other words, science) to drive a personal relationship with every customer.

Total loyalty isn’t about hard-hitting promotional messages or blatantly obvious loyalty tactics. It may not even include a program currency. Total loyalty is about creating feel-good, brand-led touch points and experiences that make people want more. Execute these with finesse and your brand can develop meaningful, two-way relationships: Your brand matters to the individual, and the individual matters to your brand. In other words, you’ve achieved total loyalty.





# CONNECTING BRAND AND LOYALTY

For more than 25 years, we've been helping national and global companies propel customer value and revenue growth through loyalty programs, data-driven marketing, and experience marketing. In short, we're loyalty experts. And we see big changes ahead.

To begin, we believe loyalty programs must innovate to stay relevant. After all, customers' expectations, interests, and values are evolving. Original loyalty programs were one-dimensional (e.g., coffee-shop punch cards). As programs matured and capabilities grew, we saw the introduction of tiers, partnerships, and initial experiential rewards.

To retain and grow passionate customers today, programs must offer greater, multi-dimensional connections. Evolving loyalty programs invite engagement and offer experiences. Additionally, they expand touch points and integrate emotional connections.

Your customers' future loyalty hinges on your brand and how its essence comes to life in your loyalty program or strategy. This is often where we find the program "magic" that sets apart a client from the competition.

Brand has always been a part of loyalty; program design must align with brand values, and brand guidelines are met through customer communications. But now we're talking a deeper level of brand integration.

Ask yourself: *Which brand elements are meaningful to customers?* For example, customers may connect with your commitment to sustainability or your

brand values of fun and spontaneity. Now challenge yourself: *How can I infuse these ideas throughout my loyalty program or strategy plus my end-to-end customer experience?* Additionally, keep a tally of brand-led resources that could be leveraged. For instance, consider whether you can invite loyal customers to join forces with your foundation for good works or donations.

Another brand "double down" relates to creativity. Because loyalty programs and loyalty member communications have been so successful at generating brand sales through one-to-one communications, there's a tendency to prioritize overly direct offers and calls to action. At Ogilvy Experience, we aim to infuse a brand's emotional connection into every customer experience.

According to Jay Pattisall and Ted Schadler, *Desperate for Differentiation* (Forrester Research), "the most powerful distinction will not be the functional convenience of a digital experience or application. It will be the creative expression of the brand in all forms and the emotional response it stirs."<sup>1</sup> Good news is we know this works. "Brands based on emotion continue to outperform top brands in financial indices such as Fortune 500 and S&P, demonstrating the clear business advantages of leveraging emotional science."<sup>2</sup>

<sup>1</sup>Desperate for Differentiation: Creativity Galvanizes the Total Brand Experience, Jay Pattisall and Ted Schadler, Forrester Research, May 1, 2019.

<sup>2</sup>Brand Intimacy 2019 Study, MBLM.



# MEASURING CUSTOMER BEHAVIOR AND EMOTION

When we're working with a client on a loyalty strategy, we study customer behavior and customer emotion. Why? We know customers often buy from their hearts and justify purchases with their heads. We also believe that emotional connections lead to greater loyalty and profits.

One of our colleagues was asked for her favorite brand and she offered an arguably unlikely answer: Waze, the free way-finding app. She not only appreciates the real-time traffic alerts but the Waze community. "Users provide information about accidents, hidden police cars, debris in the road, and more," she says. "And so I do the same in kind. We're all in this together." It's no wonder then that she recommends the app to family and friends: Waze has won her head and heart, along with the loyalty of millions. Waze's annual revenue is estimated at \$37.7 million.<sup>3</sup>

While many companies remain focused on transactional activity such as sales and retention—and use this information to determine best customers—loyalty measurement today must systematically include emotional bonding scores, such as how customers feel when using your product or service, whether they'll share their brand experience with others, and how well your brand's ideals align with their own.

Our unique and proprietary value measurement framework looks at both transactional and emotional metrics, and incorporates these into customer value scores. This is the future of loyalty and customer management. The combination of these value measures gives us much more than traditional lifetime value; this new

value metric goes beyond past transactions alone to predict future value.

Consider LEGO's VIP program, updated in 2020. Previously, fewer than 15 percent of members were redeeming points. Today, the program engages with members of all ages and interests, offering a variety of rewards, one-of-a-kind experiences, bonus-point multipliers, and more. And the results are impressive: According to Loyalty360, the revitalized program has a 22% enrollment increase, twice as much member engagement, and a 10 percentage point increase in the net promoter score. Obviously, members are feeling valued and LEGO better understands its customer value.<sup>4</sup>

Given a comprehensive understanding of customer value, we can then make smart investment decisions, including which channels to use to reach each customer, and which offer types and values to extend. The new value metric also provides important reasoning to justify organizational and procedural alignment, both of which are needed to truly deliver full-funnel relevant experiences. In other words, it helps a brand move toward customer value management, which informs how, when, and where to make the brand matter to the person and the person matter to the brand.

<sup>3</sup> "How to develop a GPS Navigation App Like Waze?" Vivek Zala, Mind Inventory, April 27, 2021.

<sup>4</sup> "LEGO Goes After a Lifetime of Loyalty" Mark Johnson, Loyalty360, Jan. 12, 2021.



# BRINGING IT ALL TOGETHER

As loyalty has evolved, so have customer expectations. According to a recent research report, 76% of customers say they expect consistent interactions across departments, yet 54% say they feel like they're communicating with separate departments, not one company.<sup>5</sup>

Loyalty can no longer be considered a finite strategy delivered through program rewards and communications. Progressive companies understand loyalty is provided throughout the end-to-end customer experience. And luckily, we now have the data insights and technology tools to deliver on this.

Consider what you know about your loyal customers: who they are, their profiles, the marketing channels and actions that best engage them, and the ways you've built their emotional loyalty. Now you're able to use this information to target new prospects and deliver relevant messages to them.

Meanwhile, for current customers, ensure your systems deliver personalized information and experiences at every step in the customer journey. This is especially important for your best customers—those who expect and deserve recognition across all brand interactions.

And remember: Infuse your brand's emotional connection into every customer moment. What may seem like a small nicety can reinforce your brand and create a greater customer connection.

<sup>5</sup>State of the Connected Consumer 2020, Salesforce.



# TAKING THE NEXT STEP

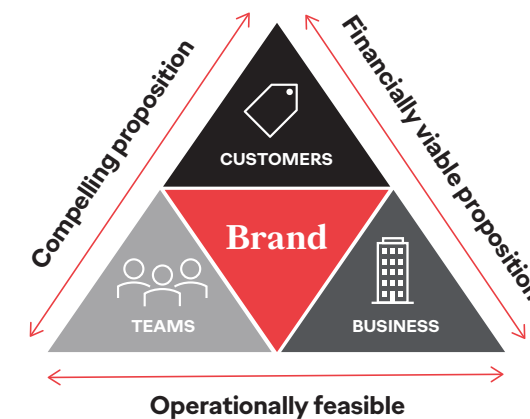
Consider the diagram below. It's the foundation on which we build individual loyalty strategies for every client. Created of three equal sides, the triangle comprises a compelling proposition (think: head and heart), a financially viable proposition, and an operationally feasible proposition.

When we collaborate with a client, we strive to create an individual loyalty strategy that incorporates all three propositions and one that only our client can offer their customers—in fact, one that's challenging if not outright impossible for a competitor to replicate. Additionally, we infuse our client's holistic understanding of their customers right into the structure of the loyalty program or strategy. Finally, our process culminates in on-point deliverables that connect strategy with implementation.

Along the way, we leverage our client's customer data plus other types of data that go beyond transactions: We measure purpose, symbolic alignment, product satisfaction, and more. And we employ these findings to create loyalty strategies that appeal both tangibly and intangibly to the client's holistic customer.

Perhaps by understanding the future of loyalty, you're now motivated to ask yourself these questions:

- How can we use what we understand about our customers, their feelings, and their aspirations to drive engagement and relevance?
- How can our findings impact our acquisition efforts to bring in new people who will potentially become our brand advocates?
- How can we use data to help develop new



products and services that will appeal to our members?

- How can we inform our brand messaging and/or our platforms to better connect with our customers and improve their overall brand experience?

In the past, advertisers' acquisition efforts have mostly focused on revenue—after all, businesses are in the business to grow. But today, you must be smarter from the get-go, truly understanding and targeting your customers from their very first brand interaction—even before you've met them. This is *total loyalty*—loyalty that inspires people, involves and rewards them, and makes them feel something every time they hear from you.

If you want to learn more, consider reaching out to Ogilvy Experience or The Lacek Group. We help grow our brands' loyalty practices around the world.



## Ogilvy EXPERIENCE

**Ogilvy Experience** boasts a global team of data strategists, product managers, designers, solution architects, and engineers who create experiences at the intersection of customer unmet need, business imperative, technology, and data possibilities. Together, our teams deliver comprehensive strategies and full-funnel experiences that deliver speed-to-value for clients at scale.

## THE LACEK GROUP

**The Lacek Group** is a Minneapolis-based, data-driven loyalty agency that has been delivering personalized, engaging customer experiences for its world-class clients for more than 25 years. The Lacek Group is an Ogilvy Experience company.



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