COVER STORY

Gifts! Now who does not like receiving gifts? In retail, the moment you reward your customer with a freebie or a gift, chances are you shall be tying him down to your brand for a good amount of time, or, at least till your competitor manages to outdo you. Loyalty to your brand is quite dependent on the rewards you offer to your customers. But then, in today’s day and age, when freebies, gifts and discounts have become a norm with most of the brands, what really constitutes loyalty? We take a quick look into how brands are reinventing the loyalty wheel to excite their patrons, not to forget tie them down to their brands.

By Zainab S. Kazi

LOYALTY PAYS!

THE HOLY GRAIL OF CUSTOMER RETENTION ...
An excerpt from Bryan Pearson's book, The Loyalty Leap, is apt to set the context of the story - in an age, when people are joining more loyalty programmes than ever before, we still have no hard evidence of their true underlying commitment to our brands and services. Sure they may visit one of our locations regularly, but is that because they actually go out of their way to do business with us, or because there is no better alternative? Add to this the accelerating sophistication (and affordability) of technology, which empowers consumers to make highly educated purchase decisions in moments, and you have tremendously challenging market conditions to overcome.

According to Rahul Rana, MD and CEO, PAYBACK India: "Gaining a customer's loyalty has become more difficult today with the price war that has been unleashed in the e-commerce space. As the dust settles on this, over time acquiring a customer will be as important as retaining an existing one. But looking broadly across segments, other industries are going through different challenges, where retaining customers is paramount. Moreover, customers today are well informed and with 24x7 ubiquitous access to updates and offers. Hence, they seek value as the primary attribute of every purchase. Different segments define value differently and there could be trade-offs between price, experience and convenience."

He further explains: "Customer loyalty fundamentally refers to customers coming and shopping more frequently and in newer categories, thereby driving more sales for the business and in turn creating loyalty."

Sharing an overview of the dynamics witnessed in the Indian loyalty market, Anil V. Pillai, Director, Terrangi Consulting shares: "When you look at loyalty programme, there are two parts - one for the consumer and to learn what she wants and the other part is the administration of the programme. When you look at international companies looking at India, they are looking at the second part. So what they do is execute it according to what they do in their home countries and countries they operate. There are two reasons why you have a loyalty programme. One is to have the customer buy from you and increase his ticket size and the other is to make the customer return to you. So it is an opportunity to up-sell and the other is constant consumer engagement. If we are looking at increasing ticket size, then it is all about instant gratification but if we are aiming for constant engagement then it is all about providing an experience."

Putting things into perspective, Kunal Mehta, Co-Founder, Inloyal, explained: "Loyalty programmes, since the early days, have been designed to keep the customer loyal to the brand by providing him with points and discounts that can be redeemed while making repeat purchases. Since the beginning of the first full-scale loyalty programme of the modern era in 1981, loyalty programmes have not changed much in character. The idea then was to hook the customer to discounts and rewards and thereby increase the frequency of his purchases and the idea is the same today as well. What we are failing to recognize is that the audience of 1990s and of today are vastly different. The audiences today are much more demanding and need to be engaged with constantly to keep him hooked on to the brand. As a result, huge efforts will have to be made from the merchant's side to stay loyal to his customer's needs and desires and deliver a wholesome experience continuously to earn his loyalty."

Customer loyalty fundamentally refers to customers coming and shopping more frequently, thereby driving more sales for the business and in turn creating loyalty.
The concept of loyalty programmes in India is still at a very nascent stage. In Germany, 8 out of 10 people know about PAYBACK and 1 out of 3 carry a PAYBACK card.

The India story
To look at the proliferation of loyalty programmes in India, Rudraraj Chakrabortty, Senior Marketing Analyst, (Oracle Retail), Aspire Systems shares: “A few years back, when the loyalty programmes picked up in India along with the proliferation of organised retail, the reward point format was adopted widely. Back then, every wallet would carry a load of different cards from different stores. But a value-driven market that India is, a point or two on ₹100 spent was not a very lucrative offer by any means. The absence of a compelling reason has pushed the retailers to put their thinking caps on, and subsequently, the loyalty programmes in the Indian market are now evolving fast.”

Chakrabortty shares an example of Future Group that has the PAYBACK card programme offering a very persuasive value proposition to the customer. Under the programme, one single loyalty card can be used across different formats of Future Group - Big Bazaar (hypermarket chain), Food Bazaar (food and beverage retail), Central (shopping mall), Home Town (home furnishings), eZone (electronics retail), Brand Factory (fashion discount store chain), and Future Bazaar (e-tailing). Unifying the reward points across different retailing formats becomes lucrative for the customers because their combined frequency of purchase and cumulative transaction amount will increase considerably creating a decent reward point accumulation. He adds: “On the other side, Future Group has dramatically enhanced their cross-sell and up-sell strategy; now every format can contribute to the sales in other formats. It also demonstrates the innovative leverage of their competitive advantage of owning multiple retail formats across India. Further, one of the oldest loyalty programmes launched by Shoppers Stop, called the First Citizen, reached a staggering 2.5 million users in 2012. The tiered loyalty programme (first of its kind in India) has helped Shopper Stop nurture strong relationship with their customers.”

Based on the experience they have had in India since inception, Rana minces no words when he shares, “The concept of loyalty programmes in India is still at a very nascent stage as compared to the other markets. In Germany, 8 out of 10 people know about PAYBACK and 1 out of 3 carry a PAYBACK card. Here brands and customers are still learning the use and benefits of a loyalty programme. At PAYBACK India, we are committed towards our partners to ensure that we completely understand their evolving business requirements so that we can tailor solutions to continue to meet their business objectives. We are focused on giving brands a chance to learn the actual needs and purchase patterns of their online and offline customers, and customise products for them. This helps in better demand estimation and customer retention. For us, this is an educational process and we have succeeded to great extent in making brands wake up to the realisation of capturing a stable consumer base as a buffer to the increasing competition.”

Reiterating this, Ashwin Meshram and Sunpreet Singh Bindra, Founders, One Rewardz state: “Today, brands have loyalty programmes which are just transactional in nature. The idea of loyalty programmes has shifted from being customer gratification to just another sales-generation tool.” Meshram and Bindra have launched a mobile application that enables brands to hold interactions rather than only have transactions with the customers. They add: “The mobile application enables brands to hold interactions rather than only transactions with the customers. Features like 24x7 connectivity with customers via a mobile-based platform, feedback-driven association, targeted promotions via image and video notifications to existing customers, geo-fencing tool for increasing store walk-ins and many more make this a differentiated loyalty programme in today’s digital world.”

Understanding and adhering
With each brand having its exclusive loyalty programme, it still remains unclear whether the concept of loyalty marketing is well understood and the understanding taken into consideration before designing the programme. According to K.J. Singh, Co-Founder and CEO, Evolve Brands, it is advisable for brands to associate themselves with agencies that specialise in providing loyalty marketing services. He explains: “There are just a handful of companies who understand loyalty as core business and have all possible response and tools available to handle a large scalable loyalty programme. Do not opt
for small companies (only technology companies) who understand technology but do not have the experience and know-how to handle scale, issues, response, campaigns, etc to manage the right subset - as loyalty today could be for channels (multi-brand, modern and exclusive stores), customers, and influencers (architects, electricians, mechanics, plumbers, contractors, etc.). All these subsets have their own challenges and execution issues."

He hits the nail right on the target when he explains the co-relation of loyalty programmes and big data analytics. Singh adds: "No loyalty programme is scalable or even executable in full without technology integration and database management. Therefore, database and capability of handling large amount of database is crucial for any successful loyalty programme. With multiple brands and outlets for customers to buy and sell, the right mechanism for the purchase history to move back and forth seamlessly and fast would be the only key factors to success. So a purchase made online by a loyal member is informed on SMS within 4 hours of the purchase made and X numbers of points available and redemption options to avail these points is the basic that any loyalty programme can expect."

Rana is of the opinion that: "To be able to understand customers and their preferences, the more information that can be captured, the powerful that programme can be. At PAYBACK, we look at capturing multiple data about the customers including demographics (location, gender, and life stage), spending patterns (total spend, categories of spend, frequency, online or offline, shopping behaviour at different times of year or month, and types of purchases) and lifestyle information. This information is then processed to better identify customers' preferences, which then drives our thinking on how to engage with the customer. It is also important that the information is updated with every new transaction to be able to understand in a better way the evolution of the customer."

With loyalty programmes run individually by brands and those by agencies via a multi-brand loyalty programme, the pros and cons for both differ. Talking about PAYBACK, Rana shares: "I personally feel that there are more opportunities than there are challenges. As a coalition, we have evolved over time to deliver greater value to our customers. Challenges for us are more internal than external. Our challenge is to create ubiquity to give more options to our customers to choose from, and to continuously keep on evolving with newer strategies for our partners and value for our customers. There are technical challenges that we have to overcome at times because technology is also going through a change and there are certain processes and protocols we have to follow to reach out to each and every area. There are some gaps but we are working toward them."

Over 75 per cent of consumers have at least one loyalty card.
Repeat customers spend 33 per cent more than new customers.
Having an up-to-date and working customer database can double the value of your business.
As much as 60 per cent of consumers avoid advertising.
Shoppers are spoiled. They have come to automatically ask: "If I give you my business, what will you give me in return?" They expect to be rewarded and will be more loyal to those businesses that give them something back.
Studies show that customers who belong to a loyalty programme visit twice as often and spend 4 times as much as those that do not.
It is estimated to be 2-3 times more expensive to acquire new customers than it is to keep existing customers coming back.

For a brand owner, apart from the regular metrics tracked, there are some key qualitative and quantitative factors that need to be considered. They are:

- Cost of programme launch and ongoing management
- Buy-in and ownership of the programme within the organisation
- New customer acquisition cost metrics
- Reward programme management
- Growth rate of additional business driven by programme
- Impact on store footfalls by the programme
- Impact on order and ticket sizes by the programme
- Driving higher buying value per store visit
- Quality and frequency of positive engagements with the member base

The corollary of these factors is that each of the above has a unique impact on a programme's impact and long-term effect on consumers.

TP Philip, Co-Founder and Chief Marketing Officer, QuiblAway
Life after the card

Once the enrolment is taken care of – a card given to the customer which would put a platinum credit card to share – then begins the main challenge of keeping the customer hooked to the brand and making them feel privileged to a part of the brand’s loyalty programme. Singh elaborates: “The basic issue in any loyalty programme after its inception is how the customers are informed about the offers, up-sell and cross-sell. These customisations have to be proactive and mapped with possible response to get the best return on investment. Only the loyalty programmes that are able to entice the customers with services and products relevant for them and at the right time would be the key to success. All marketing dollars would need to be spent efficiently basis the purchase history and longevity of the loyal customer. Additionally, with their changing needs and demands, the brand also needs to change the strategy and make it more dynamic.”

According to Pillai: “In India, it is herd mentality that we follow and this exemplifies into business as well. If one brand is offering a card, the other brand too wants to do the same. This entire card system is not totally redundant.”

The offering

Talking about a brand that can take credit of offering loyalty reward to its customers, Titan has had a long-standing tradition of honouring customer loyalty. Signet dates back to 1998, well before loyalty concepts took off in India. Before the launch of Encircle, three of the five Titan companies’ businesses had their own loyalty programmes: Signet represented the World of Titan flagship watch brand; Anuradha, the Titan jewellers; and Vista Titan Eyewear eyewear. However, carrying multiple loyalty cards and tracking point balances of each programme are hassles no customer-centric group would wish upon its loyalists. Even from the customers’ perspective, the brand knew that three standalone initiatives could not deliver genuine value that is transferable across Titan’s portfolio of brands. This gave birth to Encircle, a common loyalty programme which runs across all their retail formats. With Encircle, the brand has seen growth in the number of such ‘cross channel’ shoppers, which is now ~10 per cent of the total base. This number was ~3 per cent before Encircle started. The Encircle programme will get integrated with the e-commerce website of Titan in Q2 of this financial year.

Talking about the loyalty programme offered at Toonz Retail, Sharad Venkta, MD & CEO, Toonz Retail shares: “We are starting our new version of loyalty programme from 1 July 2015. Until the recent past, we used to give our customers a flat discount of 5 per cent on every purchase. So, basically it was a discount-based loyalty programme. Our new programme will be a point-based programme, where our customers will get up to 9 points on every Rs. 100 spent at Toonz. One point equals Re. 1. Our idea is to give our customers a worth value return for their shopping and regard their loyalty for our store.” On what differentiates this loyalty programme is the fact that it shall be operational even during the EOSS. Venkta adds: “We have noticed many retail stores do not reward points to their customers during sale season. Unlike other kids’ stores, Toonz will reward their customers all round the year. Another USP that we would like to highlight is that to keep the reward points of our customers safe and secure, we would be starting a One Time Password (OTP) feature for redemption of points earned. At the time of redemption of points, the customers will need to physically punch in the automatically generated one-time password, which will be sent to their registered mobile number.”

Explaining the niche offered by Evolve Brands, Singh reveals: “We offer the entire end-to-end loyalty spectrum across platforms – offline and cloud – and also cover customer, channel and influencer communities. We use our in-house cloud-based CRM software for all campaigns and communication across the target audience and have technology used across all facets of touch points making it scalable and
responsive. Redemption and instant gratification sometimes becomes a key to the success of any influencer-led programme (e.g., plumbers, electricians, mechanics, etc.), where we have mechanisms in place where a weekly compensation can be provided to these customers as well. However, for the other communities we build in a lot of customised personal and professional activities (e.g., family day, birthday greeting and cake on special occasions, music day, sports day, movies day, etc.), apart from the standard points rewarded to them for sales. We also have regular monthly campaigns across geographies and categories to ensure right product mix and frequency. Additionally, we use analytics to reach customers who have fallen out of the race or have not transacted much or are performers or non-performers to get the right feedback and solution to get them back, etc."

Sharing an example of how Crosswords has effectively changed its loyalty programmes from collecting points to offering straight 10 per cent discount, Terrangi is of the opinion that it is all about instant gratification and providing an experience. According to him, the entire process of point-based redemption is outdated. He says: “How many plastic cards can a person carry? The real estate of a person’s wallet is getting expensive. It is time to use the mobile phone and store your brand’s card.”

At PAYBACK, they are moving from being a loyalty programme to a performance marketing platform. Rana elaborates: “We believe in real-time and 24x7 marketing, giving the customer an experience like no other in terms of right offer, at the right time and through the right channel. The consumers today are shopping across channels, including brick-and-mortar stores, e-commerce, m-commerce and catalogue formats. Loyalty programmes aligned with social media and mobile commerce are increasingly impacting the brand experience. This scenario of increased penetration of smartphones, growing digital population and e-commerce industry will give PAYBACK a good opportunity to sign up more partners and also add more consumers in the network.”

Rana brings forth an interesting point, where he shares that growth of non-shopping segments has created more earning opportunities, e.g., savings banks rewards started by banks in India. ‘My Savings Rewards’ is a reward programme for ICICI Bank Savings Account customers through which they get PAYBACK reward points when they use their ICICI Bank Savings Account. Certain B2B segments have also started to reward using points. PAYBACK would be soon launching PAYBACK App and the revamped website of PAYBACK, which will allow users to shop and earn reward with every transaction.

Shine On, which is a loyalty programme run by Youshine, has helped the company see results by means of increase in customer base. According to Ashish Sood, Co-Founder, Youshine: “Before we devised Shine On, we were running daily or weekly promotions at our stores. We realised that though these promotions were leading to incremental revenue gains, they were not helping build customer loyalty. So, we brainstormed and came up with Shine On. Our sales have increased by 30 per cent post execution of the loyalty programme. In fact, once we incorporated our offline and online stores under the same loyalty programme to give customers a seamless experience, it gave us excellent results in terms of profitable revenue growth.” Sood is clear about offering instant gratification to the customers and not engage them to collect points and then redeem them at a later stage. He adds: “A card which offers reward points to be redeemed later does not make sense for Youshine since our ASP is low. We believe in instant gratification to the customer in the form of cash incentives based on their purchase behavior. The simple message we convey to our customers is ‘The More You Buy, the More You Gain.’"
TITAN CASE STUDY

Below is a case study for ‘Project Customer Acquisition’ in EP, wherein Encircle helped EP acquire 1,000+ new customers from other divisions and generate a business of ~75 lakhs.

**Project customer acquisition**

An initiative to help a business acquire new customers from other businesses within the Titan family.

**Background**

There was a slow growth (20 per cent) in business from new customers in one of the business divisions of Titan. Specifically, the business division was unable to acquire new customers from other channels of Titan.

Encircle, being a loyalty programme that caters to customers across all business divisions of Titan, has the ability to ‘seed’ customers from one business division to another. Also, given that the cost of acquisition from within the Titan family would be significantly lesser than getting customers from outside, there was a full-fledged analytics-driven initiative to smartly target customers within the Titan family and convert them.

**Objective**

- Acquire 1,000+ new customers from the other business divisions of Titan
- Generate business of Rs. 75 lakhs

**Approach**

A three-pronged approach was used to identify potential customers. This was a mix of exploratory analysis and propensity modelling.

**Data from Encircle forms**

Target customers from other channels mentioning that they or someone in their family wears the relevant products in enrollment form and have not yet bought the same.

**Sharp profiling**

Target customers of other business divisions with high probability of buying the products. Such customers are identified by gauging natural ‘migration’ rates of these customers based on their values on a host of demographic attributes (age, gender, town, and class), loyalty programme attributes (tier of loyalty member and number of channels shopped in) as well as ‘Encircle engagement score’.

**Migration modelling**

To identify customers with highest probability of buying the product. Binary logistic regression used to compute migration propensity and the model validation was done using alternate samples.

**Results**

With Project Customer Acquisition, Encircle was able to deliver an incremental sale of Rs. 75 lakhs as of date and counting. The sales were purely from newly acquired customers. On the customer front, a total of 1,000+ new customers were acquired. Of note is the quality of customers acquired. The new customers bought products that are 30 per cent costlier as compared to average ticket size.

**Challenges**

With umpteen brands fighting for space in the consumers’ wallets, the other challenge that loyalty programmes face in India is about getting it right and at par with what is seen internationally in the genre of loyalty marketing. According to Singh, the dynamics are very different as geographically they are smaller and with similar cultures and also educated in most cases compared to India where education is poor, technology and infrastructure is still developing. He adds: “This is the reason why brands have to use both offline and online mechanisms to approach the customers. The distribution channel is highly disorganized; pricing and products are varied across categories; a large mix of branded and non-branded products are available; a lot of times, local products are leaders in their markets compared to branded products. Because of all the above reasons, the characteristics of any loyalty programme would not only be challenging but hugely diverse and difficult to execute and conceptualise.”

For Titan, the biggest challenge was putting in place the existing customer base and setting up the CRM, which runs across 1,200+ stores. The brand correlated and merged three sets of data pertaining to Signet, Anurata
Most Indian organisations have got a significantly high amount of bad data or incomplete data. This is a barrier to effectively rolling out a loyalty programme.

and Vista. Specialised tools helped to identify common members across these databases. As this process got underway, it reinforced the value of clean, verified data. Data quality and integrity has a substantial impact on the success rates of online campaigns, which as it is are made challenging by rising SMS costs and low e-mail open rates. A key learning: regular data checks are an absolute must.

According to Pillai: “In India, the biggest challenge to loyalty is two-fold – one is related to data management. Most Indian organisations have got a significantly high amount of bad data or incomplete data. This is a barrier to effectively rolling out a loyalty programme. The other is that in India, what appeals to one person is quite at variance to what attracts another. If I design a one-fit loyalty programme, it appeals to a low set of audience and this does not justify the cost involved. So the basic is to understand who I am rolling out the loyalty programme for and how am I going to do that effectively.”

On the challenges that One Rewardz! faced, the founders reveal: ‘One Rewardz! was primarily launched only as a mobile app. After conducting a pilot, we realised that a part of our audience in the tier-II and -III markets in India still do not own a smartphone. Thus, we launched another method where consumers without a smartphone could access the services simply by registering with their phone numbers and receive notifications through SMS. However, with the increasing penetration of Internet and availability of affordable smartphones, we are witnessing increasing adoption of our app.

In today’s world, brands are realising the importance of customer engagement. They are open to feedback from customers and act immediately to sustain in the business. There is a need for real-time analytics to understand customers better to improve deliveries and constantly differentiate to stand out. Brands are remarking the potential of mobile phones and their applications.

According to the founders at One Rewardz!, 25% of Indians check their phones 100+ times a day. Mobile phones are the closest to customers at all times. Brands are realising the potential of m-commerce. Loyalty programmes, when combined with mobile, can lead to high customer engagement, which will eventually help brands in increased

Loyalty programmes in the B2B space

The usefulness of a loyalty programme is not just restricted to the B2C category, but it holds importance in the B2B category as well. For instance, Greenply Industry Limited makes considerable efforts to ensure that influencers at all levels of home-building are hooked to their brand. Explaining this, Kamal K. Mishra, VP & Head – Marketing, Greenply Industries Limited shares: “Influencers play a major role in the buying decisions related to the interior products, such as paints, sanitary ware, ceramic products, plywood, decorative laminates, decorative veneers, doors and lighting solutions, etc. The influencers in interior products industry can be classified broadly into two distinct categories on the basis of their job nature and scale of work. The first category is made of trade influencers, such as carpenters, painters, plumbers...}
In most of the cases, the trade influencer loyalty schemes have turned in to monetary incentive schemes **trying to lure the influencers through financial rewards.**

...and masons, etc., who are involved mostly in retail projects of small and medium scale. The area of their influence includes flats, bungalows, shops, showrooms and small offices, etc. The second category is made of project influencers, such as architects, interior designers and project management consultants, who are involved mostly in large and medium scale projects, such as townships, residential societies, commercial complexes, large office spaces, high-end showrooms, hospitality projects and other such developments. The trade influencers like carpenters and painters generally form groups and work as contractors in small projects. The buying decisions they influence pertains to retail requirements (small volumes but very high frequency of purchases) and are generally catered through retail channels (retailer – sub-dealer – dealer – wholesaler). The project influencers like architects work in organized set-ups as proprietorship or partnership or private limited firms providing professional design and consulting services to large projects involving high volume requirements. Decision-making parameters for buyers in retail and project scenario are different. Similarly, the awareness and knowledge levels of retail and project buyers are different. Mishra adds: “However, it is an established fact that in both the scenarios, the respective influencer commands a high degree of influence over the buyers while making the buying decisions. Acknowledging the role of the influencers in the buying process, since many years organisations from the interior industry have been using several schemes and reward programmes to incentivise the use of their products, thereby creating a push in the market.”

Mishra is candid to accept that while organisations have pumped in millions of rupees on these project and trade influencer programmes, involving best of loyalty programme designers and consultants, most of such schemes have failed to garner the desired benefits in the long run. He reveals: “In most of the cases, the trade influencer loyalty schemes have turned in to monetary incentive schemes trying to lure the influencers through financial rewards. The end results have been far from satisfactory, as there is always someone offering higher and better incentives; and the influencer loyalties are highly volatile in nature switching from one seller to the other at the drop of a hat.

In project segment, the influencer programmes have failed even more miserably due to lack of participation from the target influencers. The architects and design consultants generally either avoid getting involved in such programmes due to fear of being perceived as biased and patronising to a particular brand, or they feel offended due to disinterest in such initiatives. However, there are some success stories as well, where in some rare cases such schemes have been well received partially or in some areas.”

According to Mishra, Greenply did a comprehensive research on the influencer behaviour across both trade and project segments to get better understanding of the avenues of engagement. He explains: “The driving philosophy was to design, develop and implement a robust, system-driven, structured, sustainable, measurable and scalable influencer engagement programme encompassing the trade and project influencer segments to create and sustain desired level of loyalty among...
the influencers. This was done in order to leverage their influence in creating a pull in the market for products offered by Greeply. The desired programme shall focus on creating avenues for engagement and shall use tangible and intangible incentives as a tool for the same rather than using incentives as the means to achieve sales volumes. The desired programme should go beyond the established boundaries of conventional loyalty programmes, and should explore the idea of inclusive growth with a wide social responsibility angle attached to it. The programme design should be a balanced mix of interactions, incentives, knowledge sharing and social development to create a long-term and sustainable bonding with the target influencers.

from these loyalty programmes act as the fuel required to empower a new competitive platform. The fundamentals of loyalty marketing are relevant to everyone from retailers to credit card companies, from service companies to healthcare and now even governments.

Sharing a peek into the year ahead, Rana reveals: “Loyalty programmes have gone beyond earning and redemption of points; campaigns are being designed strategically to bring more power in customers’ hands as a customer. In future, we would like to move into product-based loyalty, where we start working with giant FMCG brands. In short, we will be focusing on ubiquity to give our customers more choice and freedom along verticals and keep on making their transactions more rewarding.”

Chakrabortty concludes: “Overall, on studying the Indian retail market, it is apparent that loyalty is evolving in different formats with specific value proposition. The evolution is towards ensuring value via loyalty management to create a long-term relation rather than keeping loyalty at a transactional level. A unique way to handle loyalty is to make it engaging. The design of the loyalty programme should be rewarding, surprising, challenging and must create a fun environment for the customers to engage with the brand. Gamification has the potential to revamp any loyalty programme to a hit by creating the appeal and addiction to virtual rewards. The famous frequent flyer programmes in airlines are one of the early examples of loyalty gamification, where

The best loyalty marketing leaders have come to understand that their programmes are a way to connect with customers on a level elevated beyond mere transactions.

**Conclusion**

According to Pearson, true loyalty marketing transcends the programmatic experience that occupies the wallets of most consumers – make a purchase, earn a few points. The best loyalty marketing leaders have come to understand that their programmes are a way to connect with customers on a level beyond mere transactions. The customer information and insights that arise

Talking about the future of loyalty programmes, Mehta of inloyal, opines: “In case with loyalty programmes. While a retailer’s reason to create his own app is understandable, mobile wallet is the ultimate choice of the customer to engage with all his loyalty programmes and rewards. Retailers who adopt the mobile wallet strategy would see their programmes prosper while those who do not participate in mobile wallets will see their mobile strategy wither away.”

travellers enjoy earning the frequent flyer points. Starbucks India rolled out their ‘My Starbucks Reward’ programme, which is taking loyalty management in India to another high. The reloadable payment system at Starbucks allows customers to earn stars for every purchase, which can be redeemed for special offers and discounts.”

Pillai concludes: “The holy grail of loyalty is – how do I give you an experience that money cannot buy.”

JULY 2015 • IMAGES RETAIL • 61