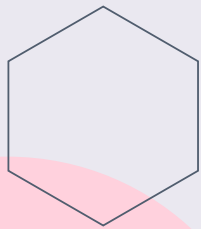


The Loyalty Paradox:

How to Create Connected Experiences
That Keep Customers Returning



Overview

Consumer's relationships with the brands and organisations that serve them has fundamentally changed in recent years, with the global Covid-19 pandemic accelerating this shift dramatically.

Starved of the face-to-face interactions to which they were accustomed, the digital journey dramatically increased in importance. From deliveries and returns, to student enrolment and travel notifications, the way vital messages were communicated and the channels on which they were delivered became significantly more valued, and so the line between marketing and operational communications became ever more blurred.

This life-altering event also exposed how behaviour of teens and young adults is removed from that of their elders, as they showed an ingrained ability to navigate pandemic related technological challenges such as setting up family video calls, to booking food delivery slots.

As our research demonstrates, this natural fluency with technology positions Gen Z's as the most pragmatic and experience-focused regarding purchasing decisions they make, but that is not to say that older generations are living in an entirely different age. Post-millennium, as everything from smart phone adoption to social media usage has demonstrated, where younger generations lead, older generations inevitably follow.

Our findings also uncover just how far expectations have progressed in the space of a few short years, with brand affinity through emotional connection weakened and replaced by habitual ties based on lived and related experience with brands and retailers.

Read on to discover how these expectations manifest themselves in the real world, and how companies can meet them via an effective data centric technology strategy.



Synopsis

Edit is a leading first-party data specialist with a 25-year history of supporting major brands and businesses with solutions which allow them to maximise the value of their customer data.

In the Summer of 2021, our expertise was recognised as we were selected to be one of only two launch partner agencies for the new Customer Journey Orchestration launching as part of Microsoft Dynamics 365 Marketing.

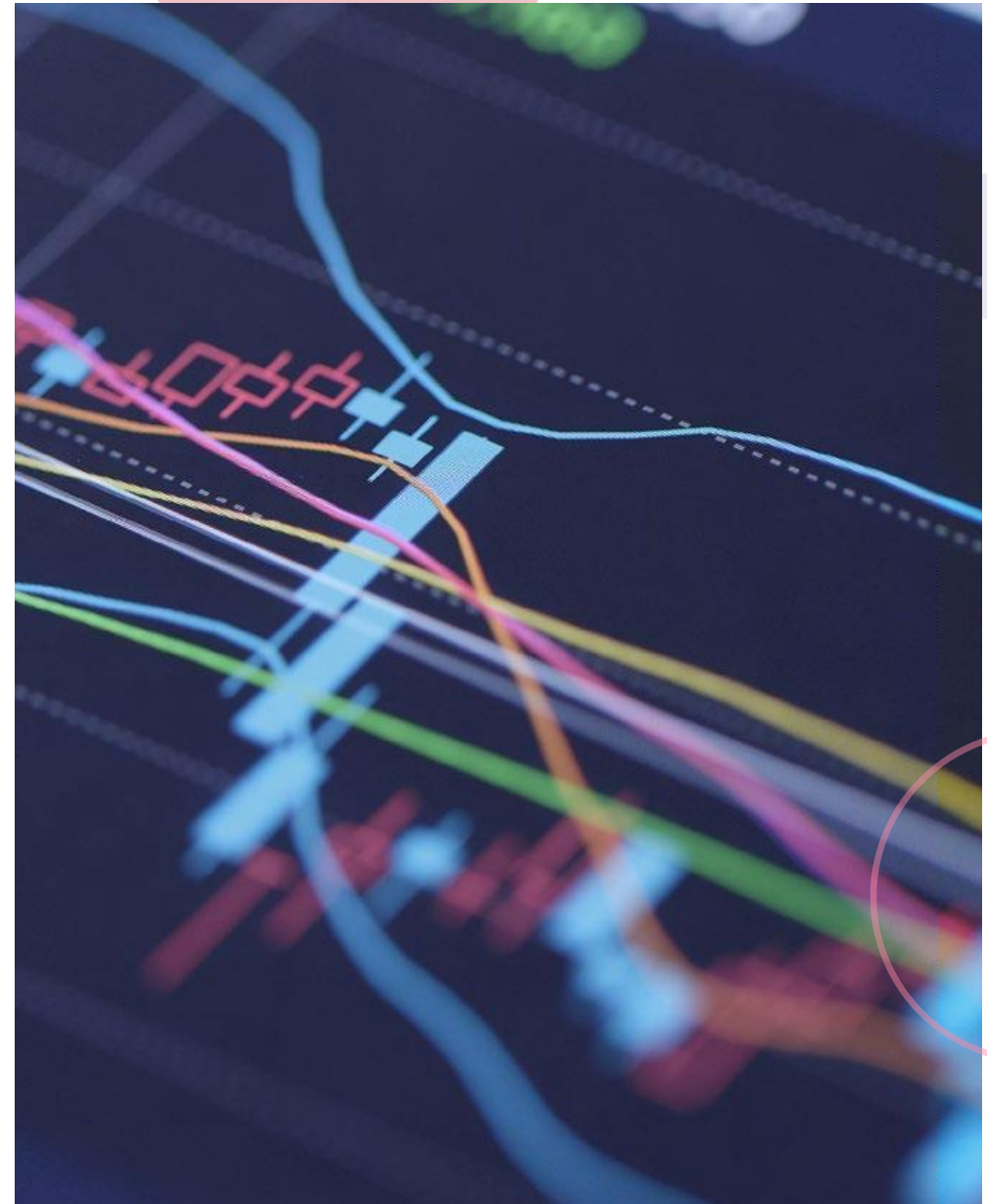
Whilst we regularly survey marketing and technology leaders and make use of significant volumes of research data, we felt it was important to take things one stage deeper and survey consumers themselves to understand the exact drivers behind their habitual purchasing behaviour. The results from which would help us as we support our clients in implementing technology and designing customer journeys fit for the future.

Edit worked with leading market research agency, Censuswide, to develop a survey which captured the drivers behind consumers habitual purchasing behaviour, to help us build an understanding of the features and solutions which will enable our clients to reach their goals.

Our survey was sent to 2000 participants split equally between the UK & USA. Respondents were asked multiple choice questions relating to loyalty, personalisation, and customer experience, all with a broad industry focus. Data was broken down by demographic splits including gender, age, income, and location.

All analysis and presentation of the data was completed in-house by Edit's team of data analysts and strategists.

Access to the raw data sets is available on request via marketing@edit.co.uk



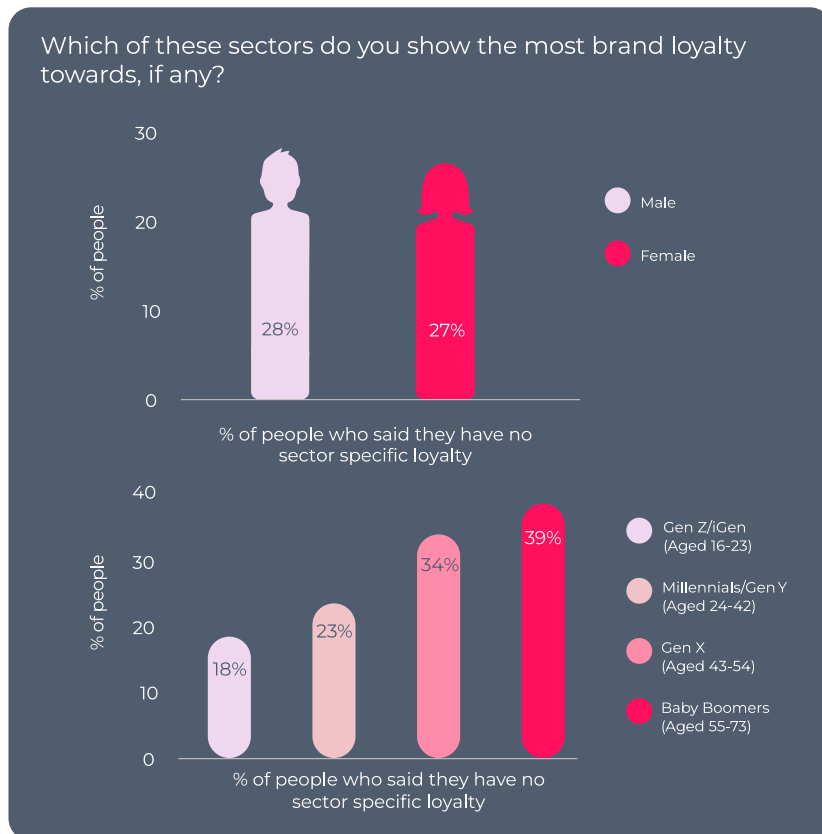
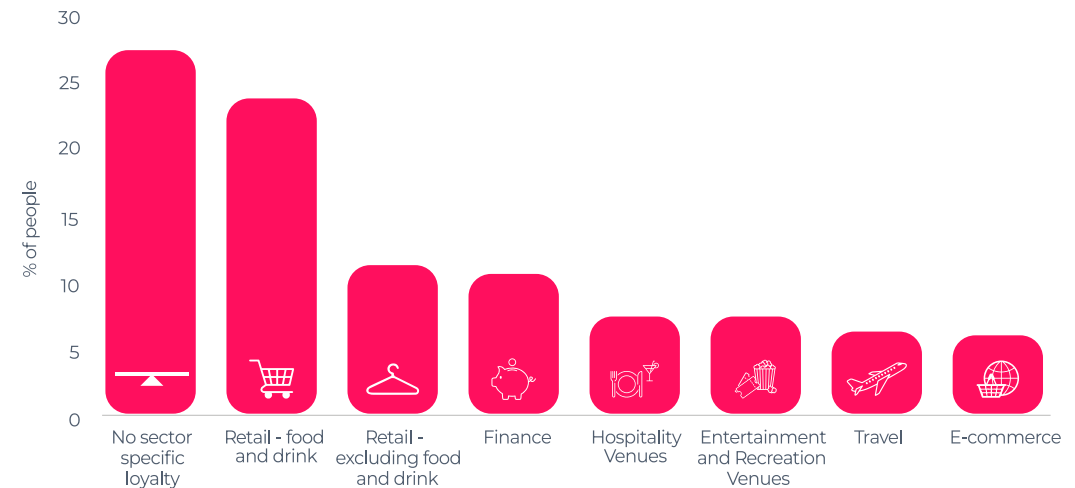
Research Findings

Consumers are increasingly habitual but not loyal

Our research demonstrates that overall, there are low levels of perceived loyalty by consumers towards brands and outlets. Though there are variances and patterns within the data that demonstrate the picture is more complex than it may initially appear.

There is a marginal indication of greater loyalty amongst women over men for example, and surprisingly, loyalty cascades negatively so that younger age groups show a greater level of advocacy than older generations.

Which of these sectors do you show the most brand loyalty towards, if any?



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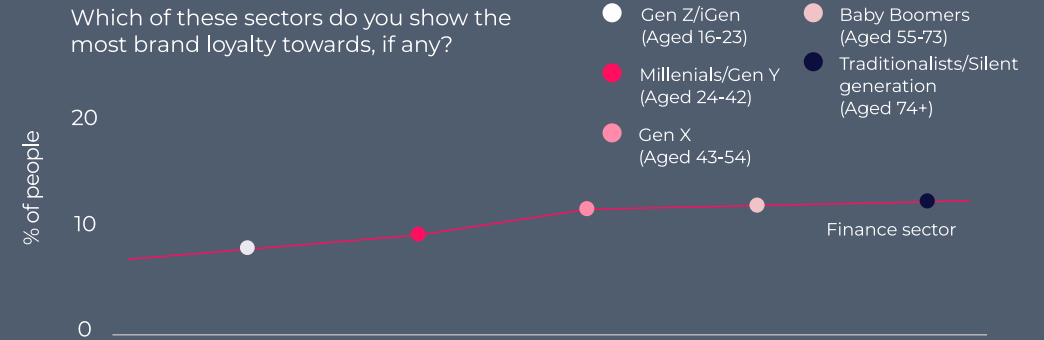
Brands shouldn't confuse repeat purchasing as 'loyalty', but should instead create a balance scorecard that looks at purchase RFV, alongside engagement (how and where customers interact – are they following the brand socially? Do they regularly engage with content? Are they subscribed/signed up-to communications, and do they open them? Do they open feedback?) and advocacy (i.e., do they actively promote the brand and refer to friends?).

Once they have a better definition of 'loyalty' which moves beyond repeat purchase, it's possible to identify the common traits of this core 'loyal' audience and use that to drive acquisition and retention strategies more tailored to them.

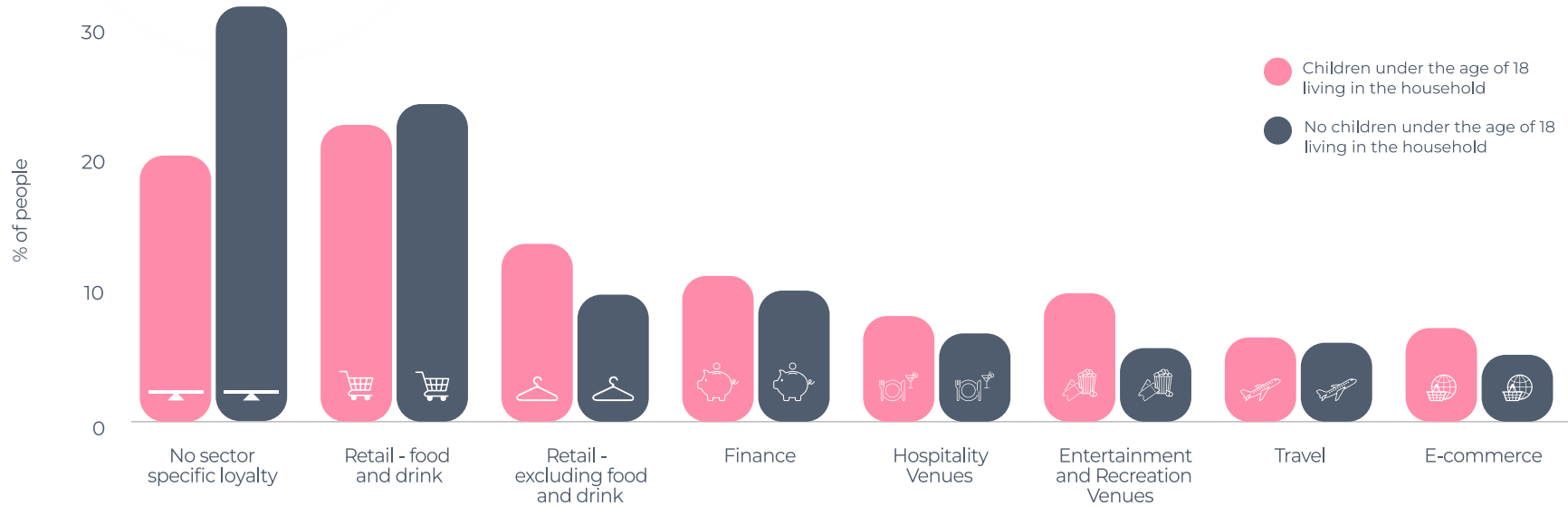
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Marc Dallimore, Practice Director - Data Science, Edit

However, there are contradictions even within these patterns. Loyalty increases towards financial products and services with age before levelling off as audiences reach their 40's, whilst families with children under 18 show a greater level of loyalty across all sectors except food retail, perhaps driven by the demands of their children.



Which of these sectors do you show the most brand loyalty towards, if any?

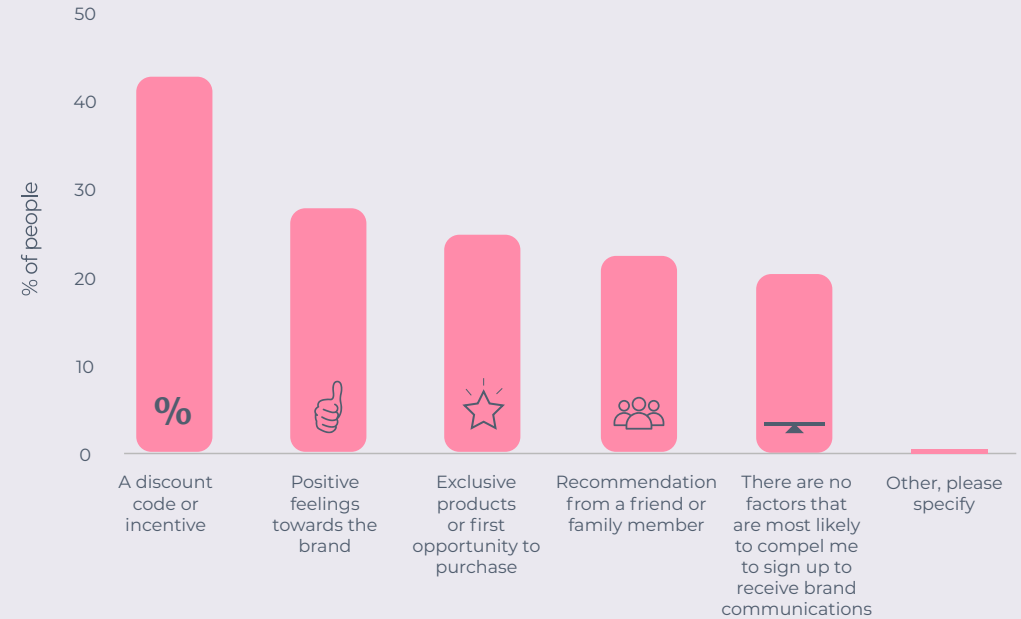


Rewards kickstart the habitual purchasing journey

Across all demographics, rewards remain the most significant driver for sharing personal data including contact information with a brand, they provide explicit initial value to a customer at the start of their purchasing journey, where implicit value via customer experience cannot yet be established.



What factors are most likely to compel you to sign up to receive brand communications, if any? (tick up to three)



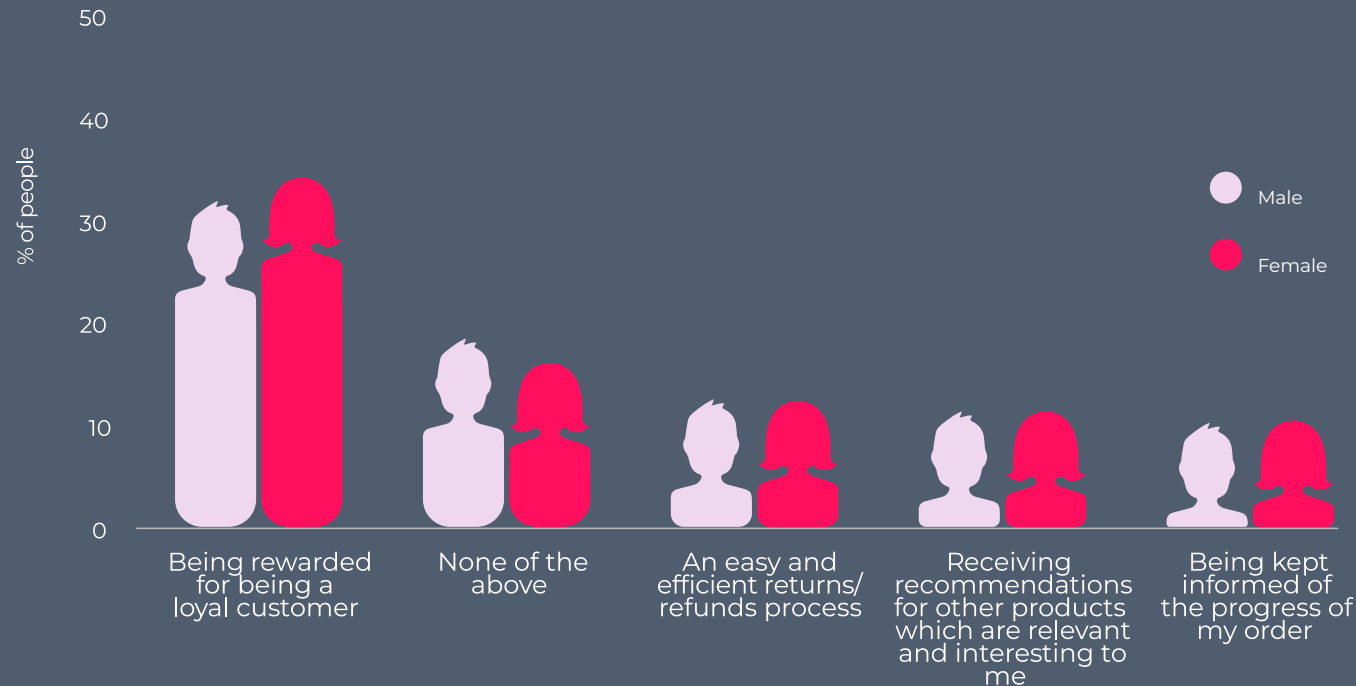
The most striking difference in reward recognition is not age or income, but gender. Women are more prone to chase rewards, whilst men show a greater reluctance to sign-up, with only a slight propensity to wanting to share info.

Women also show greater propensity to receiving personalised greetings, though personalised recommendations are the leading category across all demographics.

“ To achieve insight that is actionable in terms of customer relationship management performance, companies need consistent measurements at each touch point in the purchasing journey. Our research reveals the importance of, but also the challenges posed by achieving a holistic Loyalty measurement that reflects actual CRM performance and uses insights to adapt efforts accordingly. ”

Josh Hull, Strategic Consulting Director, Edit

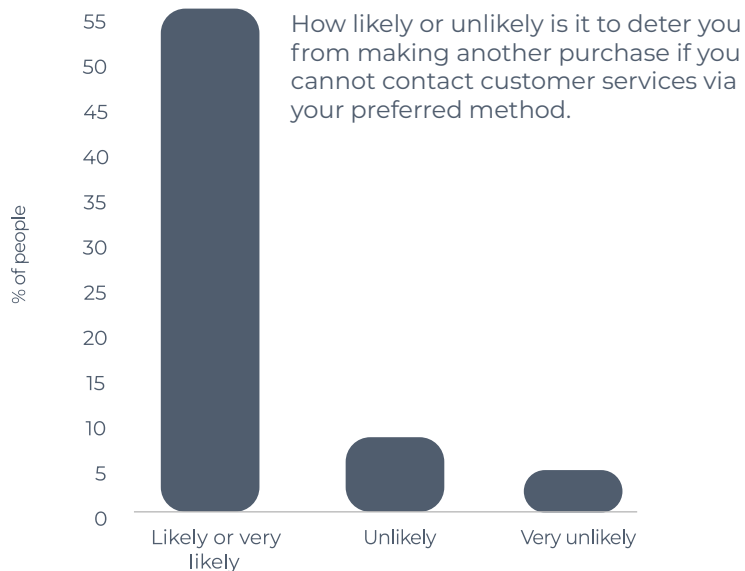
Which of these factors will most likely increase your loyalty to a retailer, if any?



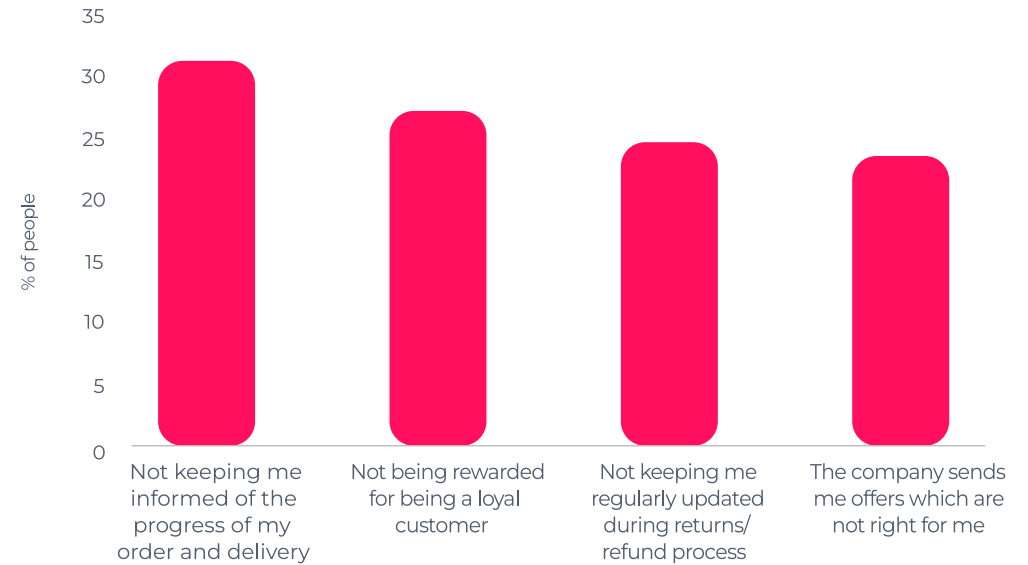
Control and choice keeps customers returning

“ Brands should consciously map and identify customer touchpoints and aim to unify these sources of data to better understand the totality of customers interactions with them. Doing this, will provide a view of the real-world “journeys” people follow, versus the conceptual target journeys marketers and customer experience professionals envision and build solutions to support. This will ultimately highlight potential experience gaps and where brand assumptions about customer journeys/paths jar with realworld experience. ”

Marc Dallimore, Practice Director - Data Science, Edit



Considering how you choose where to shop, which of these factors would deter you from making a repeat purchase, in any? (tick all that apply)



Our research points to customer experience factors being as significant as traditional marketing loyalty drivers in keeping customers returning, with operational and customer service communications outweighing rewards as a return factor for younger generations.

The key factors at play in keeping consumers attracted to a brand relate to the control and choice they have around interaction. This is somewhat expected given how significantly levelling online purchasing has been in giving buyers the freedom to shop around, whilst removing the physical service factors, which anchored consumers to their preferred establishments.

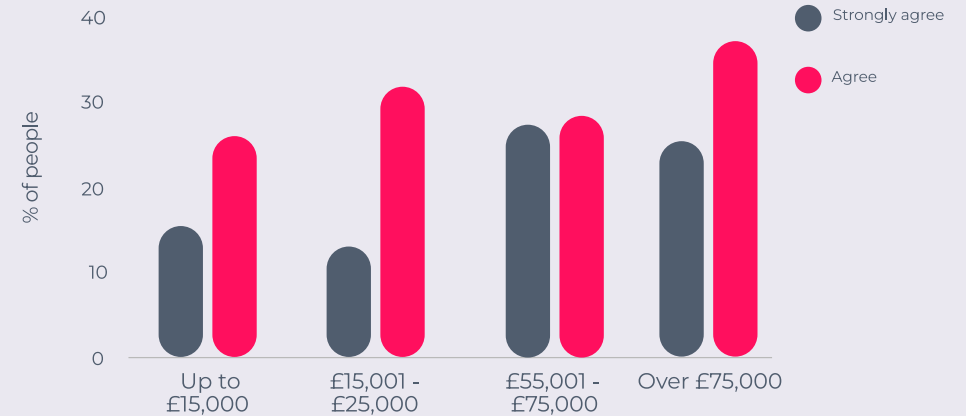
This makes tracking customer interactions at a granular single-customer view level all the more important, as to properly establish suitable journeys to encourage habitual purchasing requires the analysis of data from multiple disparate sources.

Personalisation is an expectation not an intrusion

“ Put customer analytics at the heart of your campaigns, both in terms of the segments of customers you select for each campaign, as well as an automated way to use campaign results to optimise subsequent personalised campaigns. ”

Josh Hull, Strategic Consulting Director, Edit

To what extent do you agree or disagree with the following statement?
A company that does not apply any personalisation to its marketing communications is unlikely to get my custom.

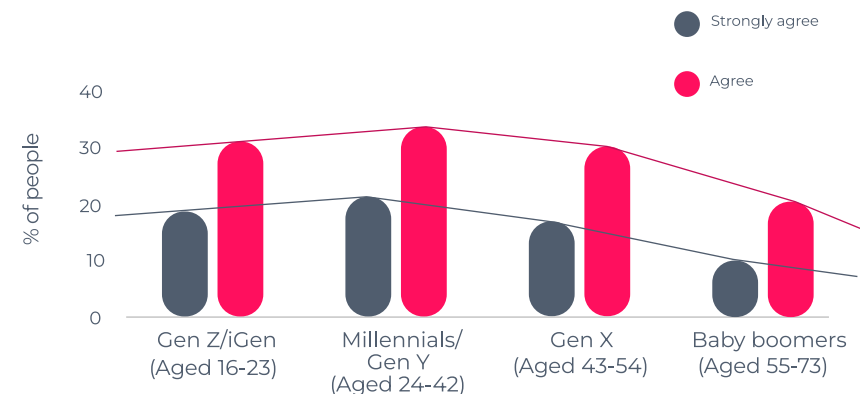


Whilst personalisation within brand communications is within itself nothing new, expectations around what that should entail are increasingly significantly as technology advances and consumers are introduced to new capabilities. Modern personalisation must reflect a consumer's actions, rather than those of a segmented audience.

Our research results demonstrate that desire for personalised communication increases almost in direct correlation to age. In tandem we see that older age groups are less likely to find value in sharing personal information, and a greater unwillingness to do so.

Higher income brackets also have a great expectation for personalised communications. Rationally, this would seem to be caused by greater familiarisation with highly personalised service for the products they purchase, as a result purchasing at the premium end of product ranges.

To what extent do you agree or disagree with the following statement?
A company that does not apply any personalisation to its marketing communications is unlikely to get my custom.



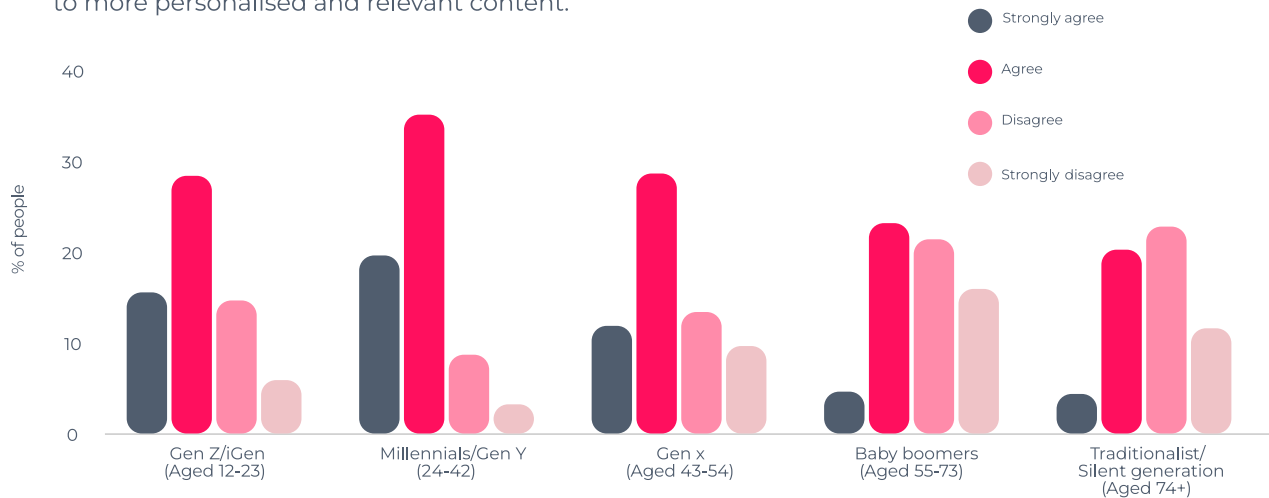
Consumers acknowledge the value exchange

There is an increased willingness amongst all demographics to share personal information if it leads to more valuable content. What is perhaps surprising is this willingness to share decreases slightly when comparing attitudes of Gen Z's and Millennials. This could be attributed to increased data-savviness of younger audiences who have grown up being asked to share personal information and are more aware of its value but also potential risks to sharing.

“Ultimately, every interaction between a consumer and a brand boil down to a balancing act between two factors: the consumer need and the brand objective. Tip the see-saw towards the consumer, and you'll achieve your objective. This is just as true when dealing in consumer data as any other currency.”

Jonny Harbottle, Strategist, Edit

To what extent do you agree or disagree with the following statement?
I am happy to share more information about myself with brands if it leads to more personalised and relevant content.



Automation is an enabler

Arthur C. Clarke stated, “Any sufficiently advanced technology is indistinguishable from magic” and we know that magic has the potential to surprise and delight people. However, it can also be spooky and disappointing (like when you spot a poorly executed sleight of hand.)

When it comes to embracing technology to help improve customer experience, brands shouldn't shy away from innovating in this space. The key however is to:

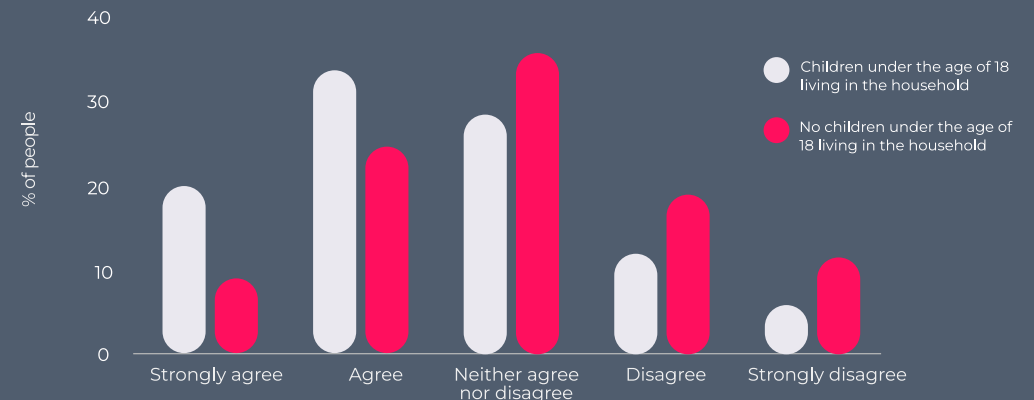
- 1 Identify the pain points in customer experience that are simply too difficult to scale the solution with human only intervention and focus on them.
- 2 Embrace user testing and experimentation – before rolling out your next AI powered super helper chat bot, make sure you have spent the time to define the metrics of success, not just your organisations, but the from the perspective of your customer.

Then embrace experimentation principles to run tests of your solution with clients in structured way. Once you know what works, and where magic is made, then take a structured approach to rolling out and scaling, all the while staying true to the measures of success you defined.

Marc Dallimore, Practice Director - Data Science, Edit

Contrary to common perceptions, respondents across all demographics answered positively to accepting automated process across their touchpoints with a brand. Strikingly, there was no significant difference of opinion between income brackets or age groups, with the only significant point of difference being a greater desire for human interaction by families with children.

To what extent do you agree or disagree with the following statement? If the level of service remains the same, I am happy for human interactions to be replaced with automated.



Conclusion

As the on- and offline worlds converge, consumers expect a unified journey now more than ever, with a seamless experience across marketing, sales and customer service which demonstrates a personalised, strongly tailored response.

Transitioning from a campaign focus to an organisation, spanning customer centric approach no doubt presents challenges to many brands. However, as our research demonstrates even small improvements, can create a significant increase in perceived customer loyalty and value. Customer information that allows companies to meet this expectation now has immense strategic value.

To reach customer experience nirvana, technologies should be tied together to create a single customer view, but this is just one part of the equation. The harder challenge is organising around the customer, mapping journeys, changing ways of working and business processes so that profiles and preferences can be gathered, tracked, and acted upon at every stage of a consumer's journey.



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