

COLUMNS

## Wearables are the new loyalty frontier

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By A LUXURY DAILY COLUMNIST

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For most marketers, thinking about how their loyalty programs will integrate with wearables still feels like a futuristic sci-fi project. But customers are quickly donning Web-enabled watches, jackets and glasses, and it is time for forward-thinking companies to start experimenting.

From a loyalty perspective, we are fast approaching a tipping point: We already know that loyalty initiatives should be optimized for mobile devices, but we are at the exciting early stage of learning how loyalty can intersect with mobile as it branches out beyond the rectangular phone.

**Helping hand.** My prediction is that wearables will take over helping consumers shop, purchase and share, and so loyalty must embrace them sooner or later.

Wearables certainly have momentum. More than 2 million smartwatches, rigged to send and receive email and tweets, get the weather and run select applications, were sold worldwide in 2013.

Android is advancing that ball: it previewed a new operating system called Wear in March

that adds navigation, scannable tickets for travel and Siri-like voice recognition to the wrist device.

GoPro alone sold 2.3 million of its wearable cameras in 2012. And Google Glass has been creeping into the public eye, first with an exclusive beta audience speculated at 10,000 and then a much ballyhooed launch to the general public in May.

I am sure that most brands will not see a significant portion of their customers sporting one of these devices this year, but that is exactly why now is the time to experiment.

Here is where I see opportunities:

**Fitness trackers are leading the way.** Industries such as sport and wellness already have a critical mass of customers using simple wearables that monitor a user's vitals and overall activity.

The U.S. digital fitness category, with tech product leaders such as Fitbits and Nike Fuelbands, was worth \$330 million in 2013.

Activity tracking is proving to be a rich incentives area for customers.

Walgreens Steps, which is approaching a year in market, has more than 1.3 million active program members tracking their physical activities and earning points for their healthy choices in its Balance Rewards program. Members receive extra points when they connect an app or device to the program.

Alfa Bank, a leading privately owned bank in Russia, is rewarding its loyal savings customers who exercise with premium interest rates — customers can literally build their finances through sweat equity [<http://vimeo.com/93142574>].

**Omnichannel loyalty programs have a leg-up.** Brands with more progressive, tech-savvy customers know it will not be long before more customers will want to make purchases with their watches or glasses.

That will demand responsive Web sites that are optimized for all types of mobile devices, including wearables. And loyalty programs that already reward and incentivize purchases and activity from mobile devices – and that collect data to better understand those customers who use mobile – will find it easier to integrate activity from wearables.

The earlier that brands experiment with serving up information on wearables and rewarding activity on them, the more they will learn in a lower-stakes beta environment. That means they will be better prepared to support the next wave of customers who will be less forgiving and expect a seamless experience.

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