

COLUMNS

## Synching mobile payments and loyalty programs

December 22, 2014



*Dennis Armbruster is vice president of LoyaltyOne*

---

By A LUXURY DAILY COLUMNIST

By **Dennis Armbruster**

**Sign up now**

**Luxury Daily**

Mobile payments adoption is going to jump significantly, based on momentum from the recent Apple Pay launch, increasing penetration of other NFC-enabled smartphones and retailer coalitions such as MCX – notable for the planned launch of CurrentC in 2015.

No matter how market share gets divvied up, consumers will use their phones and wearables to pay. That is because we are all in the habit of taking these devices wherever we go, they are just as secure and, ultimately, they are more convenient.

Remember

While single-card solutions such as Coin and Plastic seek to prolong the life of physical cards by aggregating them into a single device, the speed-to-market and increased functionality of mobile is likely to stifle any attempts at significant consumer adoption.

It also is not a significant jump to say that all mobile transactions will eventually be reduced to a single scan or tap. This is not just for payments either – redeeming offers and earning loyalty currencies, all of it will happen seamlessly. It already does when you

use the Starbucks application, and MCX claims its app, when launched at major retailers such as Walmart, Target and CVS, will detect, earn and apply rewards “automatically during the transaction.”

Your loyalty programs will eventually be synced to your payment device or account, and you will never forget to use your loyalty card again. Coincidentally, you may start forgetting you have one.

This upcoming reality presents both challenges and opportunities for brands.

The physical card has always played the role of a mnemonic device to prompt customers so that when they shop they are conscious and active in the collection process.

Today, when the cashier asks if you have your card and you physically search through your bag to find it, you are reminded of your participation in the program.

What happens when that process is replaced by a digital communication? Transaction or location-triggered notifications could mediate this transition, but there is already a thin line a lot of retail apps are walking between useful information and over-communicating.

The continued streamlining of the purchase process emphasizes a trend towards removing clutter, so incorporating loyalty earning tactfully will be essential.

Redeeming factors

A future where you passively collect currencies is a future where they may influence you less, and yet you will collect more because you never forget to earn. This is a nightmare for loyalty practitioners: higher liabilities and less influence to show for it.

Brands could, of course, devalue their currency to make all the point collecting more palatable, but enjoy explaining that to valuable avid members who pay attention.

So what is the opportunity here? Redemption.

One of the single biggest reasons programs fail is that most members do not get the opportunity to redeem, to feel recognized and to validate their participation in the program.

Redeeming for rewards is going to happen more frequently to more customers – especially those who used to forget their card. It also happens to be the one notification that customers pay attention to: the reward. It is the brand’s opportunity to reintroduce itself and provide a so-called moment of truth: redemption as the driver of engagement.

WHATEVER COURSE THAT mobile payments take, loyalty’s challenge will be to fight for attention.

Being overlooked is never a benefit when it comes to changing behavior. But smart brands that find value-add, enjoyable or simply non-annoying means of communicating will be those who stay top-of-mind.

*Dennis Armbruster is vice president of [LoyaltyOne](#), Toronto. Reach him at [darmbruster@loyalty.com](mailto:darmbruster@loyalty.com).*

---

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.