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Luxury loyalty programs for today's social mobile consumers

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Chris Teso is founder/CEO of Chirpify

By **Chris Teso**

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According to research by Unity marketing, more than three-quarters of all luxury consumers are members of at least one loyalty program. So these programs clearly have a powerful appeal to affluent shoppers.

Yet the vast majority of loyalty programs today 97 percent, according to research by Capgemini are spend-and-get, where shoppers are rewarded based on the amount they spend.

However, 84 percent of consumers, as reported by Loyalty360, said they would spend more with brands that offer points for activities other than spending.

Dollars and sense

Thom Kozik, vice president of loyalty at Marriott Rewards, presented this idea well at a Loyalty Expo session, saying, "Consumer expectations around being rewarded for dollars spent has shifted.

"Today's consumers," he said, "recognize there is greater value in their time, attention and their social media footprint, and expect to be rewarded accordingly for that."

Designing your loyalty program to address this expectation includes strategically pairing social media with the loyalty program.

Not only are customers rewarded for their engagement and interaction, but it helps the brand by keeping it top of mind even when the customer is not actively shopping.

Known as engagement loyalty, this strategy provides greater opportunities for growing loyalty and moving the needle on important business measures such as loyalty, spend, new customer acquisition and customer intelligence.

In the process, marketers learn which social media channels their loyal customers prefer. And this approach gives marketers a multichannel view of their best customers, being able to recognize and reward them regardless of where they are.

Know thy customer

By connecting the dots between the CRM and social media profile, luxury brands are able to gain much-needed knowledge of who their best customers are in social media.

For example, once marketers know who their loyal customers are in the social context, they can begin actively rewarding them for their social media evangelism and other desired activities. And they can collect data on these activities, learning with much more granularity how effective they are and with whom.

With this data in hand, brands can tweak and improve their social outreach strategies to optimize them for desired customer behavior whether that be participating in a campaign or responding to a specific call to action.

In addition, brands can also use this data to calculate exactly how much revenue their most loyal social customers spend.

Indeed, one retailer discovered that its socially connected members buy twice as frequently as non-connected loyalty members.

Reward them

Rewards give customers a reason to engage with the brand in social media.

While rewards can be anything from points to early access to sales or exclusive behind the scenes content, it should, above all, be driven by what excites customers.

As consumers are more likely to spend with brands that offer rewards for activities other than just spending money, incentivizing customer participation in social media is an important element of an evolving loyalty program.

Moreover, the more customers engage and participate with your brand, the more their loyalty is reinforced.

In the process, the brand creates a bank of positive brand moments that the customer will draw upon in the future, encouraging word-of-mouth and other evangelism.

New customer acquisition

There is immense value in using loyalty as a mechanism for social advocacy as well.

By linking the loyalty member program with customers' channel of choice, the brand has made it incredibly easy to interact and engage with it online.

As a result, socially connected loyalty members are more likely to share their activities on social media 53 percent versus 42 percent, according to results by one retailer.

Indeed, socially connected loyalty members are also more likely to engage and become advocates on social media as they are rewarded for doing so. This advocacy creates earned media and with it encourages new customer acquisition.

With social proof driving new customer interest, it is wise to also facilitate the ability for non-loyalty program members to join the program online, enabling new customer acquisition directly from the social media channel.

BY LINKING the loyalty program to customer social IDs, luxury brands can gain critical information about their best customers online, and create a mechanism for engaging customers where, when and how they like to interact.

Moreover, modernizing the loyalty program in this way creates direct business value through new customer acquisition, earned media, more direct spend and greater customer lifetime value.

Chris Teso is founder/CEO of [Chirpify](#), Portland, OR. Reach him at chris@chirpify.com.