

Marketing in the digital age is constantly evolving as the industry continues to refine its techniques and searches out new ways to help brands resonate with customers.

The loyalty industry in particular was marked by one constant in 2013: change. Changes in consumer needs, technology, and analytics—just to name a few—made it a year full of ups and downs for loyalty programs.

Colloquy's [2013 Loyalty Census](#) found a 26.7% increase in loyalty program membership between 2010 and 2012, but also a 4.3% drop in active

memberships during the same period. And Forrester Research's "[The State of Loyalty Programs 2013](#)" concluded that only 35% of loyalty program members were redeeming rewards.

A successful loyalty program not only has to maintain and grow membership levels, but also increase member engagement, incentivize customers, and deliver value to consumers while encouraging their loyalty, all while making a profit.

Here are six current marketing trends that can help loyalty programs become more engaging in 2014.

1) Gamification

Call it the Mary Poppins protocol: turning a task into a game always makes it more appealing.

Loyalty programs have always had natural game-like attributes, encouraging participants to rack up points and redeem them for prizes, but modern gamification is about making the most of modern technology.

Gamification does three important things: it keeps consumers engaged on a specific platform (mobile devices, social media, apps), engages them psychologically by bringing out their competitive and problem-solving instincts, and, of course, entertains.

Its goal is to create a relationship of exchange where consumers are challenged and incentivized to share more of themselves: their time, their attention, their information, and ultimately their loyalty. This can be done with an actual game or just by embedding gamification tactics into a brand's messaging. For example, brands often [set time limits](#) in advertisements to give consumers a sense of urgency (like a football player at the two-minute warning). This is the kind of tactic that loyalty programs can adapt to emotionally engage their members.



2) Broader distribution

The proliferation of mobile technology has given customers the power to choose how and when to interact and transact with brands, a trend that shows no signs of slowing down.

Proactively reaching out and meeting customers where they are at every opportunity is essential to maintaining an engaged customer base, especially for loyalty programs.

Loyalty programs can widen their distribution using online, offline, and mobile environments, including brick-and-mortar stores, websites, tablets, and social media. When programs distribute information as well as transactional capabilities everywhere they can, members are able to interact with their programs whenever and wherever they want — opportunities an increasingly mobile-savvy member base is starting to demand. By confining interaction to its own channels, a loyalty program misses out on countless opportunities to connect with and engage its members.

Opportunity to expand distribution also comes from large brands without loyalty programs of their own that are eager to partner with established programs and gain access to their members. For example, partnership with a national hardware retailer could give a loyalty program additional exposure across all the retailer's own channels and to their own customers. Loyalty programs that prioritize creating a simple, secure, and profitable way to grant interested brands access to their subscribers will be ahead of the game in the year to come.



3) Mobile wallets

Mobile wallets leverage the power and popularity of mobile technology to make purchasing easier and more convenient.

Even better, they're a natural ally of loyalty programs, allowing program members to have all their loyalty information consolidated and at their fingertips at all times.

[Econsultancy notes](#) that, "After 15 years as the Mobile Financial Services & NFC Summit the event has been renamed as the Mobile Wallet & Retail Innovation event in 2014," a promising sign of the growing importance of mobile wallets. [Parks Associates](#) found that over 40 million U.S. consumers, or 20% of all smartphone users, used at least one mobile proximity or mobile e-commerce wallet in 2013, and usage will increase to nearly 113 million, or 43% of all smartphone users, by 2017.

Mobile wallets are at the threshold of becoming mainstream, and loyalty programs could be that final push. Points' research [indicates](#) that:

78% of consumers surveyed would be more likely to make a purchase if offered points or miles, and **73%** wish there were more ways to earn points and miles in their favorite programs.

Program members are eager to earn, and are looking for better, simpler ways to do so. Loyalty programs have a whole year in 2014 to lay the groundwork for a system where mobile wallets are welcomed and incentivized. To learn more about how digital wallets will ignite loyalty, [download our whitepaper](#).

78%

73%



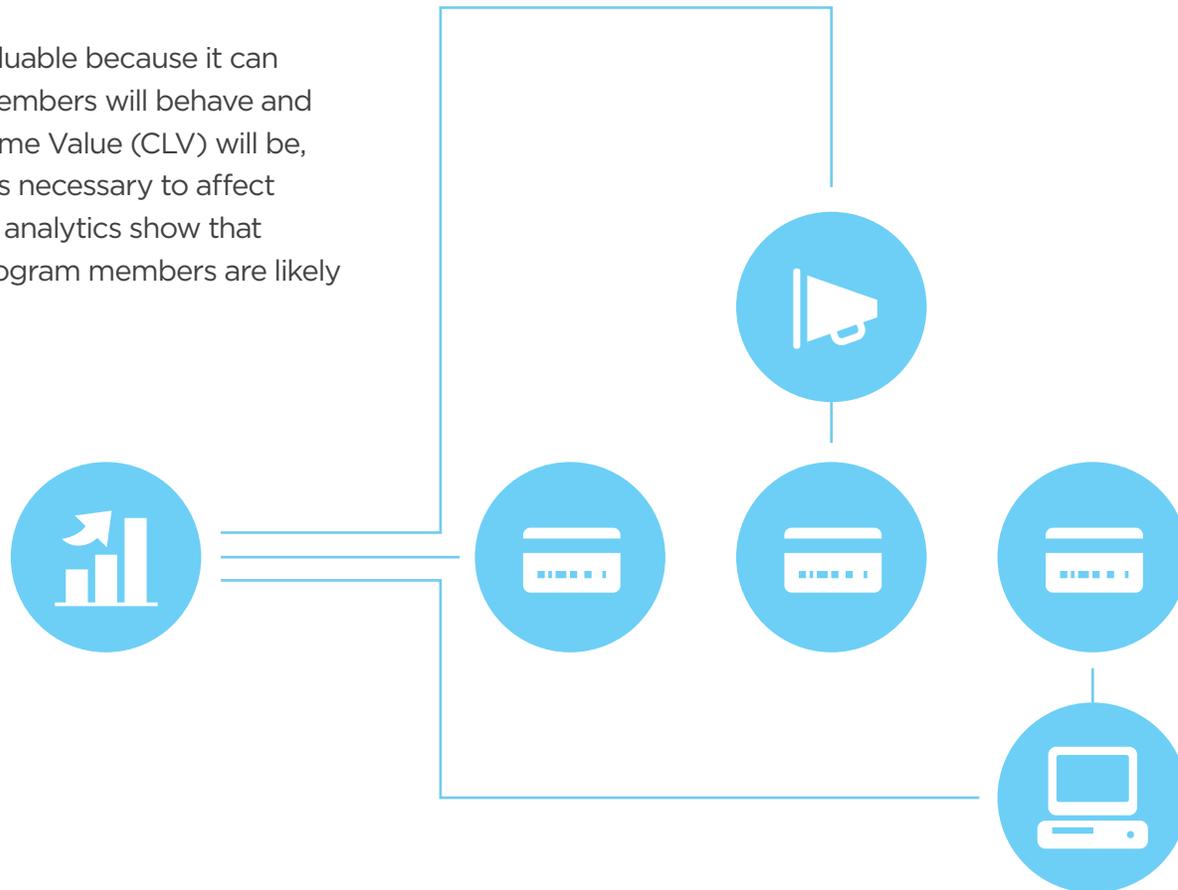
4) Using big data for predictive analytics

Big data is a big buzzword, but massive volumes of information are meaningless unless companies understand which data points are relevant to their customers and strategies.

Predictive analytics—using data to predict how customers will behave based on patterns of behavior among similar customers — allow loyalty programs to exercise greater segment specificity and identify more accurate behavioral indicators.

Predictive analytics is invaluable because it can be used to predict how members will behave and what their Customer Lifetime Value (CLV) will be, and to adjust a program as necessary to affect future results. If predictive analytics show that certain types of loyalty program members are likely

to sign up for a credit card, for example, marketers can use that information to improve messaging that targets these customers for credit. Conversely, brands can segment customers who are not likely to sign up for a credit card (based on more data points than just their credit score) and target them with different messaging they are more likely to engage with.



5) Real-time messaging/geo-targeting

It took 38 years for the good old radio to reach 50 million users—a feat that the “Draw Something” mobile app accomplished in just 50 days.

This and countless other examples of mobile’s exponential growth have taught us that in 2014, mobile is king.

Mobile devices have reshaped the way we access information, and capitalizing on the real-time and geo-targeting capabilities of mobile is an important way loyalty programs will be able to capture their users’ attention. Incentives and rewards are the foundation of any loyalty program, but targeted messaging is its lifeblood. It’s what makes offers, opportunities, and branding an ongoing

experience. Loyal customers have many options available to them, and in a mobile world, marketing must constantly innovate to engage their attention. Which incentive do you think is more immediate to a consumer:

a loyalty program card tucked away in a wallet, or a text message at lunchtime that offers a coupon for a restaurant just steps away?

2014: a year of opportunity for loyalty

According to the “[2013 Loyalty Report: US Edition](#)” by Maritz,

80% of loyalty members agree that programs are worth the effort, and **94%** want to receive program communications.

We know that customers are eager to continue engaging with their loyalty programs. It’s up to the programs themselves to take advantage of current trends, strategies, and technologies that will make them more engaging in the 2014 market — *and translate those strategies into profit.*

94%

80%