



Industry Progress Report		
	2016	2017
Loyalty Membership	B	A-
SMS Member Opt-Ins	A	A+
Coupons & Offers	D	B
Customer Feedback	B-	A

Loyalty Program

Business Year

2017

Mobile Loyalty Report

How Brands Are Bridging the Technology Gap
to Meet Consumer Demand for Loyalty Programs



of brands reported an increase in loyalty program membership over the last year—and the majority cited the addition of mobile components as the biggest contributor to this increase.



2017

Mobile Loyalty Progress Report

An Update on How Brands Are Bridging the Gap with Customers

2016 was another busy year for mobile. From virtual reality (VR) stepping into the mainstream spotlight, to the integration of adjacent technologies such as artificial intelligence (AI), natural language processing (NLP), and chatbots, brands had a lot vying for their attention. All of these trends that emerged last year introduced a new wrinkle to an already complex challenge for brands: mobile-enabling their loyalty program.

Last year, 3C surveyed U.S. consumers and brand marketers to explore the landscape of mobile-enabled loyalty offerings—uncovering a distinct disconnect between current brand strategies and what consumers expect from a modern-day loyalty program. Our 2016 Mobile Loyalty Report highlighted a consumer appetite for mobile technology that brands had not yet satisfied. **But have brands made progress closing this gap?**

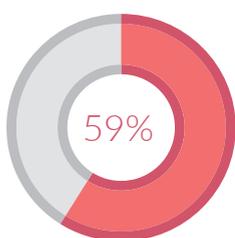
In our 2017 Mobile Loyalty Progress Report*, we take a look at how brands have addressed customer preferences, areas where mobile has impacted loyalty the most, and tips for developing a roadmap of emerging technologies to revolutionize your loyalty program.

How Has Customer Preference for Mobile Loyalty Changed in 2017?



Mobile-enabled loyalty programs continue to influence customer purchase behavior

Customers who make more store visits/purchases because of mobile-enabled loyalty programs:



2016

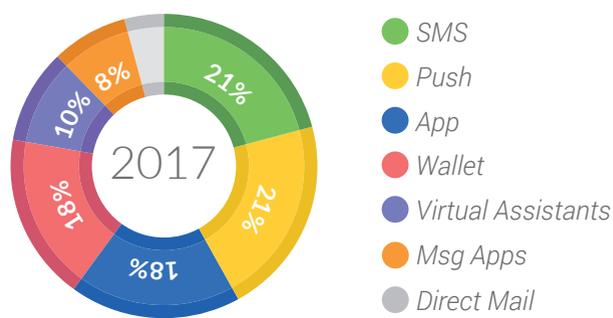


2017



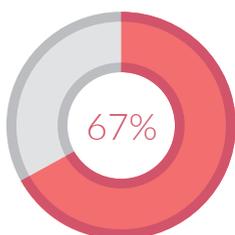
Customers want a more well-rounded loyalty engagement offering

Customer preference for mobile loyalty communications by channel:



Customers still believe too much information is required to sign up for loyalty programs

Customers who cite too much information and inconvenient time as top barriers to loyalty sign-up:



2016



2017

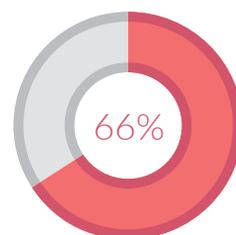


Customers still say if the process was simplified, they'd sign up for loyalty programs

Customers who report they would sign up if the process was simplified via SMS:



2016



2017

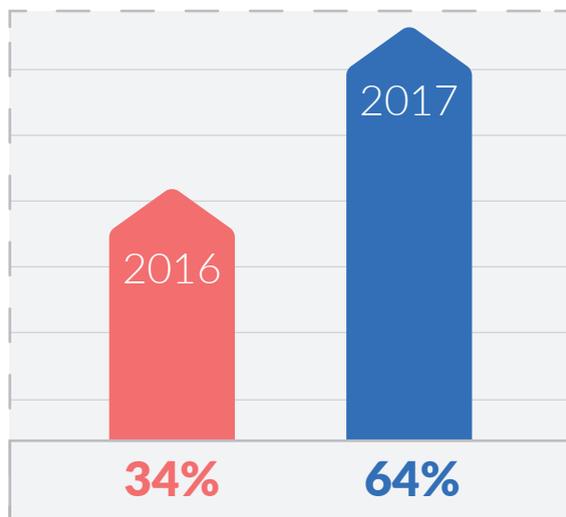
The Brand Progress Report

“64% of brands reported an increase in loyalty program membership over the last year—and the majority cited the addition of mobile components as the biggest contributor to this increase.”

In 2016, our Mobile Loyalty Report found customers had a tremendous appetite for mobile functionality. This willingness to engage with brands via mobile technology far outpaced the customer experience brands were offering. But brands have responded—implementing more mobile functionality into their loyalty programs and reaping the benefits from this investment. 64% of brands reported an increase in loyalty program membership over the last year—and the majority cited the addition of mobile components as the biggest contributor to this increase.

Brands see increase in loyalty membership thanks to the addition of mobile functionality

Brands who saw increase in loyalty program membership:

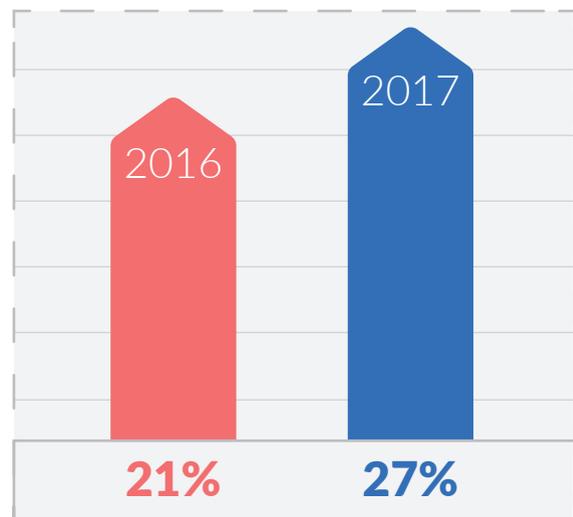


Extra credit: In 2016, less than half (48%) of brands expected a growth in program membership, while nearly two-thirds (64%) actually saw program growth.

Final Grade: **A**

Brands are listening to consumers, using SMS to communicate with consumers around loyalty

SMS as a percentage of loyalty engagement:

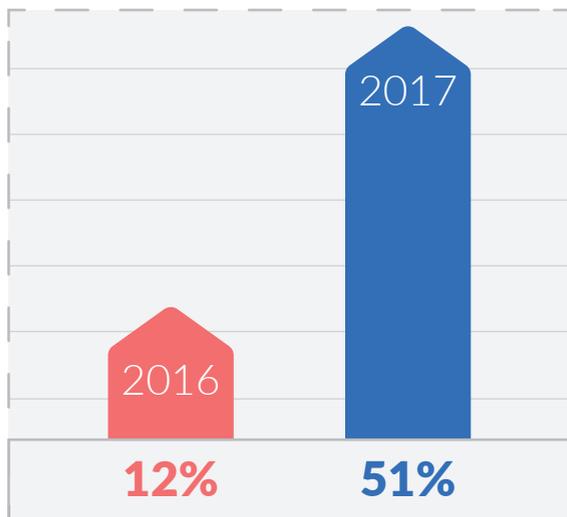


Extra credit: In our last report, consumers reported SMS was their top channel preference for loyalty communication—and brands are listening!

Final Grade: **B-**

Brands want to help consumers get a good deal

Brands who reported using mobile to deliver coupons/offers to loyalty members:

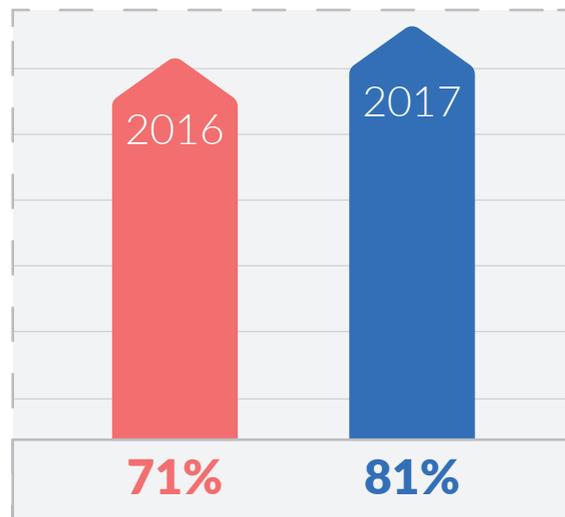


Extra credit: Rewards and offers were the top motivators for consumers to join a loyalty program, with the majority claiming these motivators led to more visits and purchases.

Final Grade: **A**

Brands without mobile-enabled loyalty programs are struggling to make the investment

Brands that lack IT resources, don't know where to start and are unsure if customers will use mobile:



Extra credit: Mobile-enabling your loyalty program can be achieved through a crawl, walk, run approach—limiting the amount of resources needed to implement. The best way to gauge customer interest is to pilot new functionality.

Final Grade: **D**



Progress Report Summary

- Brands have made great strides in meeting the customer where they are—on the mobile device
- Brands who have not mobile-enabled their loyalty programs are in danger of being left behind
- Mobile-enabled loyalty programs still have a heavy influence on customer frequency and purchase behavior

What's Next for Mobile Loyalty?

As we mentioned in the introduction to this report, 2016 was a busy year for mobile. With the emergence of several new technology trends, brands found themselves with a whole new wave of potential opportunities for customer engagement. And, the early indications are these new trends will have tremendous staying power—especially for B2C customer communications.

Here's a look at what our research revealed about these new opportunities in mobile loyalty:



Customer interest in IA (intelligent assistants) is growing

In 2016, we began to see true market proliferation with intelligent assistants such as Alexa (Amazon), Siri (Apple), and Google Assistant. Amazon and Google have, from the start, taken an open approach to their IA strategies—enabling third party developers to build new features and functionality for their IA products. Apple finally followed suit in 2016—opening up Siri to developers with the announcement of a new API in June. Now, not only do these IA products perform simple everyday tasks, but they integrate with the apps and services we rely on.

This natural union of IA and the data stuffed inside the applications and services we love aligns perfectly with loyalty programs. From managing account information, to finding out current loyalty status and points balances, or even finding the latest offers, IA is a great fit for loyalty programs—and customers agree.

Our 2017 Mobile Loyalty Survey found integration with IA ranked **#1 with customers as the most important** feature/benefit of a loyalty program. However, 0% of customers say they're currently able to interact with the loyalty programs they belong to using IA.

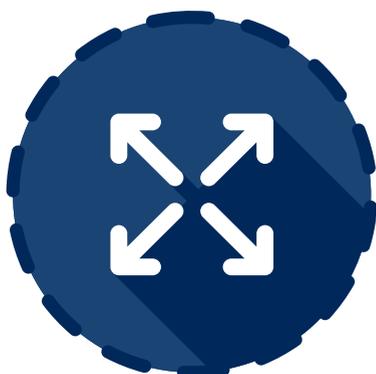
Your Customers' Most Important Features/Benefits for Loyalty Programs



Intelligent Assistants



Chatbots



Messaging App Integration

(WhatsApp, WeChat, Kik)



Personalization

While they lag customer interest with IA integration into their loyalty programs, the opportunity with IA is not completely lost on brands. We asked brands what they saw as the next big opportunity for their loyalty program—and over one-third (35%) said Artificial Intelligence (AI) / Chatbot Integration. Nearly 20% said they saw IA integration as the next big opportunity.

Chatbots. AI. IA. Customers want them, and brands know they need them. So what can brands do to move swiftly and position themselves to capitalize on these next big opportunities?

Now, Near, Next:

Developing a Roadmap for Your Loyalty Program

Revolutionizing your loyalty program to top your competitors and wow your customers is quite the tall order, but brands can begin making steps now to win in the future. The focus must be on evolutionary steps, rather than revolutionary ones. Thoughtful planning and thorough measurements are crucial to helping brands win with customers. Here are some topics to consider for the development of your loyalty roadmap:

NOW



Customer Feedback

- Leverage customer feedback to find out what's most important to them with regards to loyalty.
- What features and benefits are most important?
- SMS surveys are a great way to gather this info.



Optimization of Loyalty Acquisition

- Where are you promoting your loyalty program?
- Is the acquisition process mobile-enabled?
- Is the sign up process simple?



Personalization & Relevancy

- Are your loyalty communications broad or personalized?
- How can your brand optimize its current customer data?
- How can you leverage current communication channels to gather more customer data?



Channel Optimization

- Customers are equally open to receiving push, SMS, and in-app notifications. Give customers the option to choose their preferred communication channel.



Mobile Wallet Loyalty Cards

- Mobile wallet objects are dynamic and location-aware—helping to drive engagement and foot traffic.
- Can be updated in near real-time to reflect current points balance and status.
- Can be integrated with email or SMS campaigns to drive adoption with existing members.



Pilot Chatbots

- Start small, pick a segment of the business.
- Mobile-enable customer service via SMS.
- Mobile-enable account management functions such as balance inquiries.



Messaging App Integration

- Are you communicating with customers on the channels and apps they use most?
- Are you taking advantage of the unique capabilities of the platform



Artificial Intelligence

- Using technology such as AI and NLP (natural language processing) will make interactions with your customers more natural and, ultimately, more productive—improving the customer experience and enhancing brand perception.



Intelligent Assistants

- IAs are changing the face of artificial intelligence applications by removing the friction of text and replacing it with voice.
- While IAs may require a higher level of effort than other tactics, brands that make themselves available to customers will win with loyalty.

Wrap Up

-  *Brands are making significant strides.*
-  *Adoption of mobile technology continues to grow at scale.*
-  *Brands need to continue to have a clearly defined roadmap to keep up with customer demand.*

*3C mobile loyalty online survey was presented to 2,300 consumers and 580 brand marketers across the U.S. from February 20, 2017 to February 24, 2017

We LOVE this stuff! If you are interested in learning more about 3C's products, services, or perspectives, contact us at 3C.com or test drive our demo below.

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