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The New Customer Equation: Why loyalty isn't enough in the digital age

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Gaining customer loyalty used to be a fairly straightforward equation. Create customer segments, add promotions or rewards and gain repeat business. But the math has changed. Now, in a multi-dimensional digital world, there are more places and more ways to reach an increasingly fragmented customer base. As information availability tips the scale of power from seller to buyer, relevance is paramount. Selling products to this crowd requires companies to step up their game significantly.

Against this frenetic landscape, buyers are more discontent than ever, reporting less overall consumer satisfaction. In fact, a recent survey¹ by Accenture found that consumers continue to expect more from companies when it comes to service, and too few businesses are keeping up. Globally, 69 percent of consumers reported leaving at least one provider last year due to poor service—up from 49 percent just five years ago. What's worse: When customers have very negative experiences, social media outlets like YouTube, Twitter and Facebook serve as a powerful platform for broadcasting their complaints, sending a cascading wave of negativity across even loyal buyers.

¹ Accenture's fifth annual consumer satisfaction study was based on a survey of more than 5,000 people across 12 countries in Europe, the Americas and the Asia-Pacific region.



To change the equation on customer loyalty, tipping the scales back in favor from buyer to seller, companies need to break the traditional one-size-fits-all, or one-size-fits-many sales and service cycles for good. That requires creating an experience tailored to a specific, closely understood customer segment—both in-store

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and online. This is particularly true for large companies that tend to be "high-touch" i.e. require repeated contact with customers. Think telephony and mass-market retail, as two examples.

One plus one equals three

But how can companies gain the kind of leverage that magnifies the value of each customer exposure? Loyalty programs simply aren't cutting it anymore. In fact, giving a consumer that already purchases a product a discount to encourage a behavior they're already doing could be the new definition of insanity, and is also potentially a flat-out waste of money. Buyers that aren't actually purchasing your product are the ones that need encouragement. And that requires creating relevant offers fueled by insight.

Driving relevance requires analytical capabilities that provide sophisticated quantitative and statistical analysis and predictive modeling, supported by powerful information technology and data-savvy specialists. More than just data gathering, advanced analytics require tremendous resources to generate insights in real time that can then be integrated throughout a company's ecosystem, ultimately creating points of competitive differentiation through more informed decision making.

Although many companies today have some level of analytics, most have never built them out to the point where they can move beyond surface loyalty-program tactics like discounting. Gaining customer intimacy requires advanced analytics—ways of getting the right information at the right time about the right customer to shape a more meaningful experience which, in turn, trigger sales. One of the biggest barriers to gaining a robust analytics capability: Scaling issues have also deterred businesses from tackling what it takes to satisfy the digital-age customer. More information is available from more customer touch points. So getting data isn't the problem. It's processing it en masse. Then

transforming a tremendous volume of data into actionable insights and feeding them throughout the organization in real time.

Finally, the organizational culture, objectives and infrastructure all need to transform to support the journey from surface loyalty program to deeply-rooted relevance. This requires that advanced analytics are deeply integrated. Companies need to elicit buying behavior from online assets and their brick and mortar ones. That way, patterns can be better understood which then fuel promotional activities that stimulate purchases. So the customer that buys a baby carriage in-store should very shortly thereafter be exposed to offers for additional products like diapers, ointment and the like.

So what's possible today for companies that want to break the old one-size-fits-all loyalty program approach? Picture this: Customer A comes to a drug store chain every week to pick up a treatment for diabetes. Before their next visit, they're invited to a personal consultation with the store's pharmacist. They receive promotions on the new sugar-free candy offering 25 percent off for their first-time purchase. And, during the consultation, they're instructed how they can save a trip in-store by ordering refills online. It's the kind of high-relevance experience that puts this store way ahead of its competitors that are still using tried and true mass-loyalty tactics.

One-size-fits-none

Simply put: Customer loyalty programs don't cut it for today's more demanding digital customer. In a turbulent sea of competitors, they may help some stay afloat, but to navigate in front of other players, relevance is critical. One-size-fits-all in today's marketplace fits almost no one. Gaining real-time customer insight that fuels true relevance requires overcoming hurdles: scaling issues to surmount an onslaught of information and organizational alignment to encourage capabilities that are wired throughout virtual and online touch points.

Find out more about how to achieve agile, intelligent marketing by contacting:

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About Accenture Interactive

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