

# Data is the cornerstone of successful loyalty programmes

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In the face of a demanding economic landscape, heightened competition, and an unparalleled array of choices, businesses are acutely aware of the need to cultivate “sticky” customers. It’s not merely about attracting customers, but also about retaining, nurturing, and enhancing their lifetime value. Loyalty programmes can serve this purpose and more. A successful implementation and operation of a loyalty programme is a sign of business maturity.



Customer loyalty programmes are built on trust and data. Source: Austin Distel/Unsplash

In other words, if you can pull it off, you are at an advanced stage on your digital transformation journey. You are poised to learn from your customers in ways previously unimaginable, and you’re equipped to design a compelling customer experience.

It is crucial that while defining this customer experience, the pricing strategy is solid and professionally managed. Data is at the heart of the process — you cannot do any of this without clean, usable data. In addition, insights derived from loyalty programme data can shape important business decisions.



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## It's all about the data

If you visualised how data is used in an organisation as a pyramid, with various levels from the foundation, or base, of the pyramid, loyalty sits at the top. The programme will score customers based on metrics such as: How much are they buying, what are they buying, are they buying what we want them to buy?

As time progresses these metrics can include things such as: Are the customers growing? Are they spending more year on year? Are they engaged?

Pulling this information into and from a loyalty programme requires a great deal of integration with various systems. Are each of these systems in the organisation up to date? Is middleware in place to facilitate these connections?

“ How do we get to the source data and what does it look like? Is it clean and usable or does it resemble the often-messy data found in many organisations? ”

It becomes evident, then, that the successful implementation of a loyalty programme is a testament to an organisation's data maturity. On the flip side, if an organisation's data is too untidy, scattered, and inaccessible, the loyalty programme will be limited to the data closest to the programme itself.

This is significant as it provides the C-suite with a valuable insight into the organisation's underlying operations and data infrastructure.

## Generate insights to support business decisions

One of the more exciting aspects of a successfully implemented loyalty programme is the ability to learn and adapt – the agility and closeness it fosters with your customers. Yes, you are trying to incentivise customers to act in a certain way, but in the running of the programme an organisation extracts great insight into its customer base.

Most loyalty programmes have a range of dimensions which forces organisations to think broadly across the business - and it all boils down to data. A bugbear that many businesses can attest to, is that it is one thing to have all this data but the ability to analyse and effectively use the data presents an entirely separate set of challenges.

When done properly, the data will drive decisions that lead to more targeted and successful loyalty program strategies, ultimately benefiting both the organisation and its customers. This may all seem daunting, but there are a few pieces of advice that would make any loyalty journey far simpler and more likely to succeed.

## 5 steps to successfully implement a loyalty programme

**Simplify** Find the one or two things that you know you want to work on, such as awarding points if a customer participates in surveys or awarding points if a customer maintains the accuracy of their personal data, as opposed to chasing your entire wish list. Begin by implementing those one or two things properly and cleanly, ensuring a well-structured foundation, and then expand from there.

Simplify the metrics you use for scoring and tiering customers and consider where and how clean the data is that informs those metrics. We have often reduced a wish list of 20 metrics to a solid, clean list of 10 or 12 by actively questioning them, looking for repetition and pursuing efficiency.

**Design to support not undermine other systems** Imagine a product team decides to run a promotion on product X – if the loyalty programme rewards customers for buying that same product, it is being double discounted.

Regardless of the customer reward you offer, it will come at a cost which will add to the overall cost of sale at a financial level. This means that your organisation needs to be careful not to double discount a product and in so doing design a loyalty programme that competes with other incentives or systems.

**Map your customer processes** By understanding your sales and customer processes thoroughly, you can tailor the loyalty programme to not only align with your specific business operations, but also to create a more personalised and relevant programme that offers rewards and incentives that are closely aligned with customer preferences, increasing the programme's effectiveness.

**Have important pricing debates** Reflecting on your pricing strategies and the rationale behind them. These discussions naturally lead to exploring options for more effective discounting practices and even the potential to reduce reliance on discounts.

While these conversations may initially seem uncomfortable, they present essential opportunities for growth and improvement within your business.

**Place trust front and centre** Imagine a questionnaire is sent out to customers, and those that complete it are scored. In other words, rewarded for their actions. What about customers that didn't receive the questionnaire and didn't get the opportunity to get the reward or earn points? This is far more common than one would imagine, and it is a recipe for broken trust.

“ Remember, you want a loyalty programme, not an anti-loyalty programme. ”

An effective loyalty programme requires very careful design, building and management of the programme. Working with a reputable implementation partner who has experience across industries will remove a great deal of guesswork and steer you away from common pitfalls.

It is evident that a well-designed and well-run loyalty programme can dramatically improve a business's long-term relationship with its customers. But, beyond that, it is a signal of an organisation's data maturity.

Beyond incentivising behaviour, it offers a business the opportunity to learn more and gather important insights. The first port of call is to engage an expert partner who can help the business understand the business case and viability of a loyalty programme.

## ABOUT THE AUTHOR

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