Break the Loyalty Enrollment Trap by Enhancing Customer Experience

iPass

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The enrollment trap

Consumers love their customer loyalty programs. At least, they love enrolling in them. Over the last three years, average total program enrollment has increased by 31 percent.[1] That impressive growth is only half the story though.

Most loyalty programs only derive monetary value from engaged members. And they're getting fewer of those. In the U.S., for instance, the average household belongs to around 14 different rewards programs. That figure is up more than 20 percent from three years ago. But the rub: the average household is only active in about six of those programs, virtually unchanged from three years ago.[2]

What's worse, a 2016 Accenture study found that 71 percent of consumers found that loyalty programs don't actually engender loyalty.[3] Furthermore, 77 percent of all consumers admitted to retracting their loyalty more quickly than three years ago. It's safe to say that enrollment alone is failing to deliver the type of program engagement (and by extension revenues) to justify loyalty program outlays.

So why is it that loyalty programs don't seem to be transforming their members into engaged participants? Possible culprits include increased program imitation among competitors and program saturation among consumers. Those variables, however, are largely outside of one individual program's control.

1. Bond Loyalty Report 2017 Executive Summary.
    Available at http://info.bondbrandloyalty.com/2017-loyalty-report.

2. Ibid.

3. Robert Wollan, Fabio de Angelis, Kevin Quiring, Accenture: Seeing Beyond the Loyalty Illusion: It's Time You Invest More Wisely.
    https://www.accenture.com/t20170216T035010Z__w__/us-en/_acnmedia/PDF-43/Accenture-Strategy-GCPR-Customer-Loyalty.pdf#zoom=50.

71%

Percent of consumers that found that loyalty programs don't actually engender loyalty.
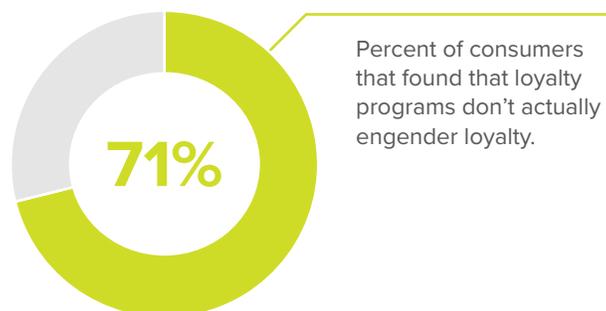
It all starts with the customer experience

While competition is out of a brand's control, it can control the customer experience. Sixty-four percent of people think that customer experience is even more important than price when choosing a brand. But programs don't seem to be pulling their weight; only 36 percent of members are very satisfied with their program's customer support experience, and only 25 percent of members are very satisfied with the level of personalization they experience with their program.[4]

High engagement goes hand in hand with customer satisfaction, as loyalty members who enjoy participating in their loyalty programs are ten times more likely to be very satisfied. So it should be alarming to brands that engagement and satisfaction numbers have plateaued across the industry.[5]

Improving customer experience affords brands possibly their best opportunity to meaningfully improve member satisfaction and differentiate their program, even if that program shares individual benefits with a competitor. There's a growing body of data that supports this claim as well. When put to the test, experience drivers (program experience, brand alignment, and digital experience) over perform monetary drivers (rewards and redemptions) 62 to 36 percent, when it comes to delivering customer satisfaction.[6] And although consumers evaluate their programs based on a number of attributes, the overall top driver of customer satisfaction was the feeling that their program meets their needs.

4. Bond Loyalty Report 2017 Executive Summary. Available at http://info.bondbrandloyalty.com/2017-loyalty-report.

5. Member satisfaction has only risen three basis points in two years, according to the 2017 Bond Loyalty Report. That is despite millions of dollars in brand investments.

6. Ibid.

What's at stake with the customer experience?

Nearly all brands plan to compete on the basis of customer experience. They also recognize that inadvertently offering a poor customer experience can be the kiss of death.

Courtesy: Brand Loyalty Report 2017

89%
Of consumers began doing business with a competitor following a poor customer experience

$41B
How much U.S. brands lose each year due to poor customer service

65%
Of consumers have cut ties with a brand over a single poor customer service experience

Improving the customer experience through mobile loyalty

To quote Forbes contributor, Daniel Newman, "Today, more and more companies are realizing that true competitive advantage lies in creating an engaging customer experience – one that is personal, fast, easy, and useful."[7] Nowadays, that means mobile. As Medallia, Chief Product Officer, Krish Mantripragada, echoes, "Customer experience is the key differentiator among loyalty marketers and mobile currently plays, and will continue to play, a starring role in its evolution."[8] Why's that? Program members, often high value and high income individuals, tend to be more plugged into mobile technology than the average consumer. So it's no surprise then that:

a) Most members would prefer to interact with their programs (almost exclusively) on a mobile device.

b) Mobile-enabled programs still have a heavy influence on customer frequency and purchase behavior.

Mobile loyalty turns on the idea that members are highly connected, and that those members expect their brands to meet them where they are, i.e. on mobile channels, with a deeply personalized experience. Successful brands, like Starbucks, have gotten a clear boost in loyalty because it has a comprehensive approach to mobile and an immersive mobile offering; features and benefits are convenient and useful, pairing well with a customer's mobile lifestyle.

For those reasons, providing access to global Wi-Fi to members as a benefit could have an outsized role in a brand's mobile loyalty efforts. For one, the consumer demand for Wi-Fi is clearly there. Consumers think having always-on access to Wi-Fi is crucial to maintaining a mobile lifestyle.

When surveyed, over 80 percent of mobile users said that the concept of not having access to Wi-Fi, in particular, makes them anxious.[9] Nearly 80 percent of mobile users access free Wi-Fi or on-demand Wi-Fi at least once a week, despite the risks, inconveniences, and negative perceptions. Within that demographic, a majority of power users, whose connectivity patterns most likely share strong similarities with loyalty members, access free or on-demand Wi-Fi upwards of 16 times a week. And finally, consumers as a whole show a distinct preference (by a factor of two to one) for Wi-Fi, which enables them to more efficently, consume the kind of content they prefer.[10]

7. Daniel Newman, Forbes: Improving Customer Experience Through Customer Data. Available at https://www.forbes.com/sites/danielnewman/2017/04/04/improving-customer-experience-through-customer-data/#2b65cc354e64.

8. Quoted in Jim Tierney, Loyalty 360: The future of Customer Experience Revolves Around Mobile. https://www.loyalty360.org/content-gallery/daily-news/the-future-of-customer-experience-revolves-around.

9. iPass: Mobile Professional Report 2017. Available at https://www.ipass.com/mobile-professional-report/.

10. iPass: Mobile Professional Report 2016. Available at https://www.ipass.com/research/ipass-mobile-professional-report-2016/.

SURVEY QUESTION:

If given the option to connect to a Wi-Fi hotspot or use mobile data services, which would you use first?

Courtesy: iPass Mobile Professional Report 2016

37% Cellular / mobile data

63% Wi-Fi hotspots

Cellular/mobile data plan restrictions, greater reliability, and better performance are all reasons why mobile users prefer Wi-Fi over cellular. Specifically, Wi-Fi provides a better user experience for high-bandwidth activities, i.e. streaming video, accessing cloud services, and making video calls, which mobile users are all more likely to perform over Wi-Fi than cellular/mobile data. For instance, when streaming audio and video content, mobile users are more than two and a half times more likely to use Wi-Fi than cellular.

So what's going on in the mobile loyalty front? A 2016 report found that brands had yet to satisfy the deep consumer appetite for mobile technology.[11] Given such high levels of mobile usage among the public at large and loyalty members in particular, brands should be on high alert that their members don't see programs as mobile-enabled. For instance, 52 percent of program members don't even know if their program offers a mobile app. Responses like that might be contributing to the sense held implicitly (if not explicitly) by members that their loyalty programs don't understand their needs and are consequently failing to deliver an expected customer experience.

Adding global Wi-Fi as a benefit

Based on the survey data, adding global Wi-Fi as a delighter feature to a program's benefits package is a sure way to increase program utilization, improve engagement, and enhance customer satisfaction.[12] It's a popular access technology, which consumers use to access premium content.

But brands should note that not all Wi-Fi is created equal. Savvy members can tell the difference between seamless, high-quality Wi-Fi and unreliable Wi-Fi. Good Wi-Fi can enhance the customer experience, bad Wi-Fi can damage it (often fatally). For instance, nearly seventy percent of mobile users have decided against using a Wi-Fi service, because the registration process was overly frustrating or time-consuming.

That poor service experience can have spillover effects, negatively influencing the way consumers view the overall brand and customer experience. If brands offer poor connectivity, loyalty customers won't simply give up on brand Wi-Fi, they might give up on the brand that supplied it. This seems especially to be the case with hospitality and transportation brands that offer Wi-Fi as an amenity.

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11. Bond Loyalty Report 2016 Executive Summary. Available at http://info. bondbrandloyalty.com/hubfs/Resources/2016_Bond_Loyalty_Report_ Executive_Summary_US_Launch_Edition.pdf.

12. Offering Wi-Fi as a benefit has already been shown to have purchasing influence. For instance, in the hotel context, Wi-Fi is a more important benefit than traditional amenities, like the restaurant, pool, and gym, when it comes to booking a stay.

SURVEY QUESTION:
Has a poor Wi-Fi experience ever had a negative impact on the following?

Courtesy: iPass Mobile Professional Report 2017

Hotel stay **43%**

Train journey **20%**

Flight **18%**

0%   10%   20%   30%   40%   50%
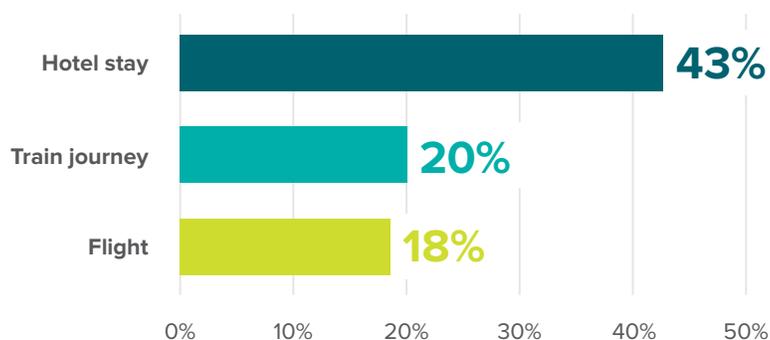
New loyalty use cases for Wi-Fi

Offering premium Wi-Fi as an amenity isn't the only way a brand can use Wi-Fi to maximize loyalty and improve the customer experience. Loyalty programs can also directly integrate global Wi-Fi into their own products and services to power connectivity, keeping the brand constantly relevant to connected consumers.

Moreover, capturing real-time device behavior, from the devices of connected brand members, can yield valuable information, which will help brands better inform the content of their tailored offers. This data-driven proposition is particularly enticing for retail brands seeking to recover competitive advantage over ecommerce sites. Retail brands can track devices connected to brand-affiliated Wi-Fi networks as customers enter brick and mortar locations, helping brands accumulate real-time insights about how often consumers visit certain locations, even which aisles they go to first. In turn, this information can help retail brands personalize offers for each individual customer that enters their stores.

Case study: How Wi-Fi data and analytics is improving the passenger experience

In late 2016, Transport for London (TfL), the public body responsible for the transport system in the London metropolitan area, conducted a four-week trial of Tube commuters, using Wi-Fi analytics generated from access points in more than 50 central London stations to track device activity on nearly six million mobile phones.

The resulting data provided deeper insights into how people moved within the transit system, including how long it took commuters to get where they needed to go. Moreover, through the access point data, the TfL was able to assess how crowded trains and platforms got at certain times of the day. As a result of the trial, the TfL is planning to take steps to improve the commuter journey, such as updating its travel assistance apps, after learning that a significant number of commuters are taking longer routes within stations.

"Today, more and more companies are realizing that true competitive advantage lies in creating an engaging customer experience — one that is personal, fast, easy, and useful."

Conclusion

Despite millions of dollars in brand investment, member satisfaction and engagement have barely budged, suggesting that loyalty programs are failing to transform their program enrollees into engaged participants. Improving customer experience gives brands their best chance to meaningfully boost member satisfaction and differentiate their program, and that means meeting customers where they are, i.e. on mobile devices. The mobile-dependence of today's loyalty customer is quickly making Wi-Fi a must-have for loyalty programs. Yet, brands have been slow to recognize the importance of Wi-Fi in driving adoption and usage, as well as improving the customer experience. As the technology develops further, Wi-Fi will also provide the means for brands to make their messages relevant to the lived experience of their loyalty members. As a result, customers will feel more valued and more likely to engage.

Resources:

2017 Mobile Loyalty Report: How Brands are Bridging the Technology Gap to Meet Consumer Demand for Loyalty Programs

https://www.accenture.com/t20170216T035010Z__w__/us-en/_acnmedia/PDF-43/Accenture-Strategy-GCPR-Customer-Loyalty.pdf#zoom=50

http://www.nielsen.com/content/dam/nielsenglobal/eu/docs/pdf/nielsen-global-retail-loyalty-sentiment-report-Italy.pdf

About iPass

iPass (NASDAQ: IPAS) is a leading provider of global mobile connectivity, offering simple, secure, always-on Wi-Fi access on any mobile device. Built on a software-as-a-service (SaaS) platform, the iPass cloud-based service keeps its customers connected by providing unlimited Wi-Fi connectivity on unlimited devices. iPass is the world's largest Wi-Fi network, with more than 64 million hotspots around the globe at airports, hotels, train stations, convention centers, outdoor venues, inflight, and more.

Using patented technology, the iPass SmartConnect™ platform takes the guesswork out of Wi-Fi, automatically connecting customers to the best hotspot for their needs. Customers simply download the iPass Smart-Connect app to experience unlimited, everywhere, and invisible Wi-Fi.

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