



WHITE PAPER

IS LOYALTY DEAD? HOW RETAILERS CAN CAPTURE DATA TO ADD VALUE AND SECURE LONG-TERM CUSTOMER RELATIONSHIPS.

IS LOYALTY GOING THE WAY OF THE DODO?

As a retailer, getting your customers to be loyal to your brand is the holy grail. However, in an increasingly mobile centric world that has fundamentally changed the way consumers shop, does the traditional points scheme still tick the boxes or is loyalty dead? At a breakfast briefing hosted by Datalogic, this is exactly the topic that was discussed by retailers and loyalty experts.

According to research conducted by Deloitte¹, 54% of consumers claim to like points-based loyalty schemes and the average consumer is enrolled in nearly 15 different loyalty schemes². This number alone would suggest that loyalty is alive and well, however the same research reported that most consumers consider being rewarded for their loyalty to be 'the norm' or even an expectation but not a differentiator. Only 32% strongly agreed that a loyalty programme makes their brand experience better and liking the brand's loyalty scheme didn't make the top 5 when participants were asked what factors encouraged their loyalty to a particular brand.

These findings were echoed by the panel of experts, who shared not only their professional but also their personal views of loyalty. The discussion indicated that there is a great desire and a need to move away from traditional scheme structures which offer rebates to customers, after they have purchased goods or services. It was also suggested that typically, there is too much focus on the mechanics of the individual scheme and in some cases, this has led to the creation of programmes that are far too complicated.



It was also clear as the debate evolved that the majority of people, especially millennials and generation Z, are not concerned about the collection of data and are happy to give it as long as they see something in return. Successful future schemes need to focus more on how to add value for the customer at the front end. As one of our participants said, **“make shopping rewarding, don’t reward me for shopping”**.

The constant evolution of the competitive landscape is making a paradigm shift in loyalty schemes increasingly necessary. Shopping is becoming a binary experience, meaning that many of the products that consumers purchase can be bought from a multitude of different vendors. With a mobile phone in the hand of nearly every consumer, access to product information, reviews and price comparisons is readily available.

It was also contested that Amazon has changed the fundamentals of retail and everyone is now competing with the online retail giant in some form. Case in point, is the success of its loyalty programme, Amazon Prime. It estimated eight million of us across the UK³ are willing to pay £79 per year to be a member of the scheme. Why? Because consumers perceive value in the additional benefits that are received, which include free next-day delivery and access to its media streaming service.

There is a lot that can be learnt from Amazon’s approach and its methodology is supported by Deloitte’s aforementioned research, which states that the three biggest drivers of loyalty are value for money, trust and quality. In addition, customer service, convenience and shopping experience are all regarded as more important than the brand’s loyalty scheme.

THE ROLE OF DATA CAPTURE TECHNOLOGY IN DRIVING LOYALTY

If adding value and customer experience is one of the biggest drivers of loyalty, then there are many ways that data capture technology can play a role. Gone are the days when the only technology in store was at the point of sale. In fact, in many cases we are now seeing retail customers move interactions away from the traditional point of sale. By arming store associates with handheld mobile computers or tablet devices, staff have instant access to product and pricing information. In turn, they are more empowered to provide that enhanced level of service to the customer which will likely result in repeat visits and increased transaction value.



In addition to using handheld devices to elevate customer service, data capture technology is also being used to improve the checkout process. We are seeing an increased demand from retailers for mobile payment solutions that will allow customers to purchase products at any location in store, via the same devices used for operations tasks such as price markdowns. This of course is entirely possible and a good way to maximise the return on investment for your handheld devices. Mobile computers can be paired with a mobile receipt printer, or an e-

receipt can be sent to a customer's nominated email address instantly via the device's onboard WiFi.



Advancements are also being made to improve processes at the more traditional checkout, which of course now includes the self-service kiosks that are a prominent feature in the nation's supermarkets. Together with the latest vision technology and software, Datalogic is evolving its solutions to automate the self-checkout process. Customers simply place their chosen items on the counter top, while a series of cameras and vision software identify the items. The customer is then presented with a total for their purchase and can make payment with a contactless card. Automation of instore processes, such as this, are likely to become more prevalent in the years ahead as a way of closing the gap between in-store and online experiences, yet another way that retailers can hope to increase customer loyalty

SUMMARY

So, is loyalty dead? The evidence is stacking up that securing customer loyalty needs to go beyond having a points-based scheme and our panel were in complete agreement, expressing that future schemes need to have the customer front and centre. The key takeaway for retailers is that the data collected via existing programmes is still undeniably valuable and provides a treasure trove of information that brands can and should leverage to add value to the consumer experience. The most important thing to keep in mind, is not just how this data is collected but what brands do with this data that holds the key to preserving the future of loyalty.

Technology, including Datalogic's own point of sale barcode scanners and mobile computers are a vital enabler to not only capturing customer data but also providing enhanced levels of service and diverse experiences that will encourage customers to come back time and time again.



1 The Deloitte Consumer Review | Customer loyalty: A relationship, not just a scheme

2 Bond Brand Loyalty Report 2019

3 <https://www.emarketer.com/Article/Amazon-Prime-Has-Room-Grow-UK/1015627>

FEATURED PRODUCTS

Joya Touch A6

- Multi-purpose device: handheld or pistol-grip options
- Field upgradeable to Android 7.1 Nougat
- Wireless charging with 'Boost Mode' and versatile locking 3 bay cradle
- Datalogic SoftSpot technology for innovative triggering through touch display
- 4.3 inch FWVGA and QVGA display
- Vibration alert for notifications
- Advanced 2D imaging technology
- Datalogic's patented 'Green Spot' technology for visual good-read feedback



Memor 10

- 5" Full touch PDA with Android 8.1 (Oreo) and GMS,
- 2D area imaging technology
- Part of Google's "Android Enterprise Recommended" programme
- Wireless charging technology and hot swappable batteries
- Datalogic's patented 'Green Spot' technology for visual good-read feedback



Gryphon Series scanners

- Top reading performance on 1D and 2D barcodes
- Image capture and document scanning capabilities
- Ability to scan from a smartphone screen
- Datalogic's patented 'Green Spot' technology for good read feedback
- Suitable for both handheld and presentation scanning



Gryphon GFS4400 2D

- Highly visible 4-Dot aimer with centre cross for targeted scanning
- Omnidirectional reading
- Advanced motion tolerance optics
- Image capture and document scanning capabilities
- Reads 1D, 2D and postal codes plus stacked and composite codes



Datalogic Group

Datalogic is a global leader in the automatic data capture and process automation markets, specializing in the design and production of bar code readers, mobile computers, sensors for detection, measurement and safety, RFID vision, and laser marking systems. Datalogic solutions help increase the efficiency and quality of processes in the retail, manufacturing, transportation and logistics, and healthcare industries along the entire value chain.

The world's leading players in these industries use Datalogic products, certain of the attention to the customer and of the quality of the products that the Group has been offering for 47 years. Today Datalogic Group, headquartered in Bologna (Italy), employs approximately 3,200 staff worldwide, distributed in 28 countries, with manufacturing and repair facilities in the U.S.A, Brazil, Italy, Slovakia, Hungary, Vietnam, China, and Australia. In 2018, Datalogic had a turnover of 631 million Euros and invested over 61,9 million Euros in research and development, with an asset of more than 1,200 patents in multiple jurisdictions.

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