

A NEW CUSTOMER LOYALTY PARADIGM: Adding a Program that Demonstrates Your Organization's Own Loyalty

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A NEW CUSTOMER LOYALTY PARADIGM: ADDING A PROGRAM THAT DEMONSTRATES YOUR ORGANIZATION'S OWN LOYALTY

Take a look in your wallet. How many rewards or loyalty-type cards are occupying space in that everyday extension of yourself? Are they worth it? Today, most rewards and loyalty programs are trite and underwhelming. Loyalty programs have devolved to become this catchall for any program that tracks customer spending in such a way that said customers receive some type of benefit when they reach or meet certain criteria. Essentially, customers are trading their spending behavior data for some type of reward – whether that be savings or free goods. In other, less literal terms, it's an eye for an eye. But, at what point did this become an indication of loyalty?

Merriam-Webster defines being “loyal” simply as “unswerving in allegiance.” Today’s loyalty programs, and accompanying loyalty marketing strategies, are far removed from the traditional models and have become almost purely transactional in nature. This is not to say that loyalty programs have not stepped up their game a bit since the very first incarnations (of course they did); technology has been a blessing in that respect. However, there’s still something to be said about what’s lacking in today’s customer loyalty programs. Let’s take a look at where it all started.

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A LOOK BACK IN TIME

Going back in time to the very first instances of customer loyalty programs, it all seems to have begun in the late 1700s when a U.S. merchant started giving out copper tokens with purchases that could be redeemed for product on future purchases¹. Quite obviously, the point here was that the “retailer” ensured that his customers would return to him for future purchases so that they could get their “free”

merchandise. The customer retention strategy worked, of course, and became popular throughout the 19th century, with many other retailers following suit.

Since copper coins weren't incredibly economical, retailers began to transition to less expensive options, and in the late 19th century (approximately 1891), stamps replaced coins – for a little while at least. Then in 1929, Betty Crocker introduced their box top program which marked the start of brand-specific loyalty programs in different retailers. Box top programs would go on to lay the groundwork for today's loyalty programs.

MODERN-DAY PROGRAMS

In 1981 the most well-known loyalty program debuted: American Airline's Frequent Flyer program (AAAdvantage). Often regarded as the first full-scale loyalty program of the modern era, the program revolutionized customer loyalty and was the first to reward frequent flyers with miles that could be accumulated and later redeemed for free travel. It didn't take long for other airlines to jump aboard.

rDialogue's "Loyalty 3.0: The Future is Now" recognizes the footprint that American Airline has laid in the loyalty marketing realm but also flatly espouses its shortcomings. The firm calls this Loyalty 1.0 – a program without any data-driven relationship marketing attached to it, whereby the "value for the customer – and for the business – is limited to being transactional, mostly undifferentiated, and thus relatively unproductive in terms of building sustainable brand attachment²."

This leads us to the next iteration of loyalty programs – Loyalty 2.0, as coined by rDialogue – which incorporated the arrival of social media, strategic partnerships, and coalitions, such as Fuel Rewards Network and Plenti. Within this shift, however, we also seem to have moved further away from the intended purpose of creating true customer loyalty (and hence, a customer-brand relationship). Sadly, the loyalty programs we see today are not much more than mass marketing that really only supports the business.

rDialogue believes the time is now for a new approach – the Loyalty

3.0 era: rather than customers proving their loyalty to brands, it's time brands demonstrate their loyalty to customers.

This new loyalty model turns previous approaches around and argues that the customer needs to be prioritized as part of a business strategy. This sounds simple enough; however, you'd be hard-pressed to find many companies that are actively embodying this strategy. It's far easier to make revenue growth the goal and then figure out all of the ways to get there.

Increasing customer loyalty is just one of those ways, and thus many businesses – whether it be a bank, a credit union, a brick and mortar store, or an e-retailer – look at customer loyalty as just a single layer in the vast matrix of company success. For the right companies though, a sustainable loyalty program could be exactly what they've been searching for when it comes to long-term business success.

**Rather than customers proving their
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demonstrate their loyalty to customers.
– rDialogue, Loyalty 3.0: The Future is Now**

ELEMENTS OF VALUE PYRAMID

Recently, Harvard Business Review (HBR) published “The Elements of Value,” which identified 30 elements of value and placed them into four need categories: functional, emotional, life changing, and social impact. These “fundamental attributes” were developed from comprehensive quantitative and qualitative customer studies. HBR argues that the “right combinations pay off in strong customer loyalty, greater consumer willingness to try a particular brand, and sustained revenue growth³.” It could also be said that the more elements of the value pyramid presented to the customer, the greater their loyalty to your company – thus, the higher your company's sustained revenue growth. And their research confirmed this.

The Elements of Value Pyramid

Products and services deliver fundamental elements of value that address four kinds of needs: functional, emotional, life changing, and social impact. In general, the more elements provided, the greater customers' loyalty and the higher the company's sustained revenue growth.

SOCIAL IMPACT



Self-transcendence

LIFE CHANGING



Provides hope



Self-actualization



Motivation



Heirloom



Affiliation/belonging

EMOTIONAL



Reduces anxiety



Rewards me



Nostalgia



Design/aesthetics



Badge value



Wellness



Therapeutic value



Fun/entertainment



Attractiveness



Provides access

FUNCTIONAL



Saves time



Simplifies



Makes money



Reduces risk



Organizes



Integrates



Connects



Reduces effort



Avoids hassles



Reduces cost



Quality



Variety



Sensory appeal



Informs

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FROM "THE ELEMENTS OF VALUE," SEPTEMBER 2016

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HBR partnered with an online sampling and data collection company, Research Now, to survey more than 10,000 U.S. consumers about their perceptions of nearly 50 U.S.-based companies. Their research revealed that companies that scored higher on multiple elements of value had more loyal customers. Additionally, stronger scores on multiple elements also proved to indicate higher and sustained revenue growth.

It's easy to see corroboration of this in real life. Think of today's brands that see unwavering customer loyalty – you know, those brands whose customers are almost fanatical. Apple devotees would never dream of buying another smartphone other than the latest version of the iPhone, and they almost roll their eyes at Windows users. In HBR's research, Apple excelled in 11 of the pyramid elements (with several of them scoring very highly), allowing the company to charge higher-than-average prices.

And how many times have you heard someone praise the unmatched convenience of Amazon Prime? It's hard for Amazon Prime customers to even think about the days of pre-Prime. For many people (40% as HBR found), the genesis of Amazon Prime has been life-changing.

But don't feel like you have to be a Fortune 50 company to achieve this level of loyalty. There are plenty of small- and medium-sized businesses who have done loyalty programs right, and your business can be one of them. In fact, a study from research firm BIA/Kelsey found that more than one-third of small businesses (34%) use loyalty programs as a part of their marketing strategies to attract and retain customers, and another 21% said they were likely to adopt loyalty programs in the next 12 months.

The problem today is that many programs, products, services, etc. fail to make a connection with multiple elements or find it difficult to perform really well in a few. Using these elements of value, companies have two options when it comes to increasing their customer loyalty. Some companies may decide to overhaul their current products and services to improve the elements that form their core value in hopes that this makes their offerings stronger (thus creating greater customer loyalty). But adding elements to expand your value proposition doesn't

mean you need to spend a ton of money on R&D and come up with something new, cool, and innovative. And let's face it: most companies don't have the money, time, or people to do this anyway. The other option is to add a complementary service that your customers will find valuable; after all, Loyalty 3.0 is all about meeting your customers' needs.

A 2017 Experian survey found that 84% of respondents acknowledge being concerned about the security of personal information online, but 64% agree it's "too much of a hassle to constantly worry about securing personal information online."

A SERVICE WORTH PROVIDING

Recent research from Experian shows that while 84% of respondents acknowledge being concerned about the security of personal information online, nearly two-thirds (64%) agree it's "too much of a hassle to constantly worry about securing personal information online⁴." Additionally, more than half (58%) of their survey respondents said they know monitoring bank and credit card accounts can help them detect suspicious activity, and 55% are aware credit report monitoring and alerts are helpful.

Adding a program that protects your customers' most valuable asset – their identities – is easy, tangible, and relevant.

It also just makes good business sense if your company is one that has already demonstrated to its customers just how valuable they are in making the wheels of your business go around. Adding an identity protection program to your current offerings further demonstrates your loyalty to them. It's also a positive extension of your brand, increasing touchpoints to keep your customers engaged. Because they know they are valued, an offering that puts your customers at the center of it will feel authentic, as if it should have been there all along.

Ultimately, offering identity protection as a value-added benefit (or simply as an additional service option) through a strategic partnership can complement your current offerings so that more “elements of value” are met, and your brand can meet its fullest customer-loyalty potential. If your company can’t offer a fully complementary service, offering it at a preferred rate will still add great value to your offerings. Whichever route you decide to go, just make sure it’s the right fit: an identity protection offering pairs best with companies that have already demonstrated that the wellbeing of their customers is important to them.

A 2017 Experian survey found that 55% of people say they are aware credit report monitoring and alerts are helpful.

THE REALITY OF IDENTITY THEFT

Today, many consumers – 25% in just the last year⁵ – have already received notifications that their personal data was compromised in a breach. That’s scary news, likely to cause great concern for your customers if they don’t already have protection (which they probably don’t). A study from AARP confirms that just 14% of consumers subscribe to identity theft protection services⁶. In addition, over half of Americans aren’t even doing their own due diligence and checking their free credit report annually.

A recent Gallup Poll provided some interesting statistics though – 66% of people worry about becoming a victim of identity theft, and only 15% of people never worry about identity theft⁷ (the lowest percent of all crimes studied). The survey also confirmed that most people think that identity theft happens just online, while the University of Texas at Austin Center for Identity’s (UTCID) 2017 Identity Theft Assessment and Prediction (ITAP) Report found that this just isn’t the case. Their findings show that 53% of personally identifiable information (PII) theft is committed by non-digital means⁸. These studies provide us with two important insights: first, we know that the majority of your customers are probably worried about identity theft but don’t know what options

they have to protect themselves; and secondly, it's clear that there's a lot of misinformation out there that only increases your customers' risk of becoming a victim.

A Gallup Poll revealed that 66% of people worry about becoming a victim of identity theft.

Even though many identity thieves still steal personal data the old-fashioned way, that doesn't mean the dollar amount doesn't add up. Quite the opposite. Javelin's most recent study reported that identity fraud cost consumers nearly \$16 billion last year⁹ – up \$1 billion from 2015. This was certainly a hard blow for the nearly 15.4 million consumers that were victims of identity theft or fraud in 2016¹⁰. For reference, this is the highest figure recorded since Javelin began tracking it in 2004.

So, why are so many consumers still unprotected today? For many it comes down to access. Naturally, your customers want to go to a company they trust to get the increasingly-important protection they need to safeguard their identities. Bottom line, a lot of consumers haven't been conveniently offered identity protection services.

Whether you're a financial institution or retailer, your customers will be grateful to have your organization – a company they already trust and rely on – as an option. Whether you offer it for a small fee or as a value-added benefit just for being a customer, both provide your customers with your commitment to their identity protection. Currently, the identity protection industry is growing at a rate of 19% annually¹¹: it's clear that people are interested, and with more and more companies implementing this service, there's no better time to start yours.

CONNECTING THE DOTS BETWEEN IDENTITY PROTECTION AND THE PYRAMID OF ELEMENTS

Identity theft and fraud can be an emotionally-taxing experience. If unprotected, consumers are faced with a resolution process that

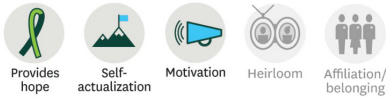
is incredibly stressful and can take many months to resolve if they become a victim. It's easy to see the value that identity protection and resolution services bring to the table – for both your company and customers.

Identity fraud cost consumers nearly \$16 billion last year, up \$1 billion from 2015.
 – Javelin Strategy & Research,
 2017 Identity Fraud Study

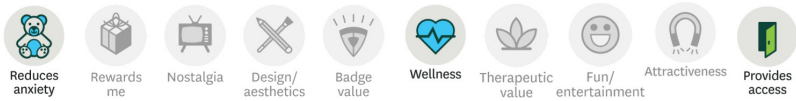
Returning to HBR's elements of value, there are also many "elements" attached to it, which can enhance your performance in some of the areas that your current products and services already provide and also present new ones. In either scenario, your brand becomes more valuable.

From a functional aspect, identity protection services provide the following valued elements: saves time, simplifies, reduces risk, organizes, connects, reduces effort, avoids hassles, reduces costs, and informs. Emotionally, it reduces anxiety, provides access, and imparts wellness (at both an emotional and financial level). Lastly, and perhaps most importantly, identity protection can be life-changing, providing hope, self-actualization, and motivation.

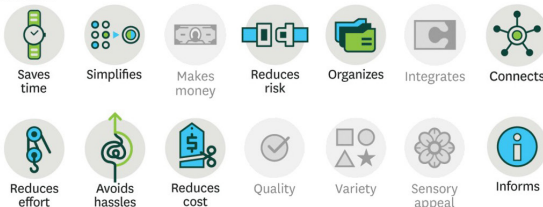
LIFE CHANGING



EMOTIONAL



FUNCTIONAL



EVALUATING VALUES

Choosing an identity protection partner should mean choosing a company whose values align with your own. If you value superior customer service, you should ensure that your partner does as well. It's crucial to do your due diligence to make sure that your partner in identity protection will treat your customers in a way that reflects your own company's standards. You might be surprised to find that some of the most well-known identity protection providers aren't always the best fit for your organization.

Whether you're a financial institution or retailer, your customers will be grateful to have your organization – a company they already trust and rely on – as an option.

Generali Global Assistance (GGA) has been helping people for over 50 years, with roots that run deep in the assistance and insurance industries. Beginning in 2003, we were one of the first companies to provide identity theft resolution services in the United States and have since earned the trust of leading Fortune 500 companies.

At GGA, we are committed to offering our customers the utmost in service excellence. Our Resolution Center is made up of highly-trained, certified resolution experts that consider themselves identity protection educators and counselors. Unlike traditional call centers, our resolution specialists aren't measured on metrics like call duration or calls per hour. Instead, we prioritize empathy, assistance, and immediate action.

For these reasons, our resolution specialists have received [multiple customer service awards](#), so you can be confident that your customers' experiences with us always reflect our high standards. A partnership with us means a positive extension of your brand, adding value to your current product or service offerings.

LAUNCHING YOUR IDENTITY PROTECTION PROGRAM

Providing your customers with a service that demonstrates your loyalty is much easier than you may think. In as little as a month, you can have an identity protection program fully implemented, with little effort on your part. With GGA, your customers will have their own customized portal and 24/7 access to certified identity theft resolution specialists. We have multiple package options so that you can choose the identity protection features that are most relevant to your customers, building a program specifically made for them. After all, you know them best.

We also offer flexible branding options to meet your company's individual needs. Choose from white-label, co-branding, or GGA-branded platforms. Whichever you choose, our award-winning marketing team will work hand-in-hand with you to develop customized launch and engagement strategies so that your program can start strong and maintain a lasting impression. Once launched, our dedicated business development specialists will provide analytics and guidance to further drive customer engagement.

Your identity protection program with GGA will provide your customers with the peace of mind that comes with knowing their identities are protected, while also demonstrating your desire to meet their functional, emotional, and life-changing needs – and that's loyalty that's hard to match.

Are you doing all you can to demonstrate your customer loyalty?

Visit us.generaliglobalassistance.com/identity-protection to find out how adding identity protection to your offerings can:

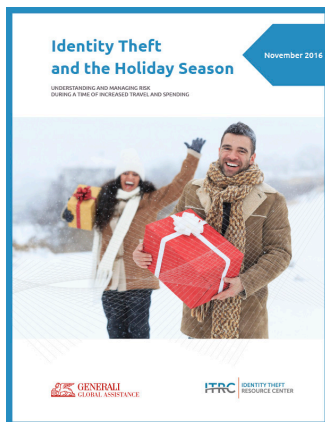
- **Demonstrate how much you value your customers**
- **Protect their digital identities and financial wellbeing**
- **Create an even stronger customer-brand relationship**

RESOURCES

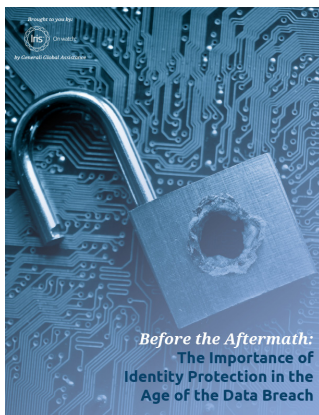
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Before the Aftermath:
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Generali Global Assistance (GGA), a division of the multinational Generali Group, has been busy protecting clients and their customers for over 50 years – via co-branded services and behind the scenes as a white-labeled provider. GGA was one of the first companies to provide identity theft resolution services in the United States. They've been the identity protection engine behind some of the biggest names in Fortune 500, and today they are a leading provider, proudly protecting millions of lives from the growing threat of identity theft. Their comprehensive identity protection is a powerful combination of advanced identity monitoring technology and award-winning resolution.

For more information about preventing identity theft for your employees, customers, or members, contact Generali Global Assistance Identity Protection Services at

marketing@us.generaliglobalassistance.com

