



The Role of Loyalty in the New Normal

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Building customer loyalty has always been challenging. And with today's uncertain environment, strategies for forging loyal bonds with current and future customers are more critical than ever. Businesses that have had to temporarily shut their doors must focus on winning back consumers when they re-open. And those that have opened must ensure their customers feel safe while shopping or dining in-person.

And yet, another implication for loyalty programs that's less commonly noted is in one of the fastest growing consumer demands: safer and easier ways to pay for purchases. Long-term loyalty has always provided a steady stream of revenue, but this can no longer be taken for granted. It needs to incorporate or address this shift to digital payments like contactless and mobile wallets, whose growth already was on the upswing before the pandemic.



Now the significance of digital payments is even more critical, both online and in-person, as we try to minimize our physical contact with surfaces and people. Contactless transactions, for example, will grow as brick and mortar shops begin to open their doors.

Consumers are already turning to contactless payments for everyday purchases. In a recent **Mastercard survey**, 79 percent of respondents worldwide say they are now using contactless payments and world contactless transactions grew twice as fast as non-contactless transactions in the grocery and drug store categories between February and March of 2020.

Increased online and card-not-present sales resulting from social distancing measures will also drive an increased need for digital wallet usage that may persist long after the pandemic. Investing in loyalty solutions that create a seamless, digital-first cardholder experience now will pay off as digital payment adoption accelerates, and cardholders shift spend to products that can keep up with their digital usage.



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Offer digital-first experiences that help cardholders swiftly navigate the new reality



OFFER SAFETY & CONVENIENCE

Encourage safer digital payments, including contactless and card-not-present transactions



BUILD EMOTIONAL CONNECTIONS

Use advanced analytics to create relevant offers and experiences

Top of Mind, Top of Wallet

Consumers will continue to focus on staying healthy and safe as they emerge from their homes and as businesses begin to reopen. In this “new normal,” payment options like contactless and card-not-present transactions in ecommerce have become more relevant than they were just as recently as the beginning of 2020.

Brands with successful loyalty programs can lean on that customer relationship to encourage more digital payment usage by incentivizing them with rebates, discounts and promotions. This is particularly relevant as online sales, which usually slow down when warmer weather arrives, increased globally 49 percent for daily average online sales from March 12 to April 11, compared with daily average online sales March 1 to March 11, according to [Adobe Analytics](#).

The growth in digital payments such as contactless has been important in other ways as well, including driving “top of wallet” behavior or cardholder preference. Nearly half of respondents in Mastercard’s [recent survey](#) have swapped out their top-of-wallet card for one that offers contactless – this proportion climbs to 52 percent among people under age 35.

The Path to Loyalty

So how do brands foster brand loyalty now? The focus should be on instilling trust and providing convenience and promotions through digital-first solutions, as well as building emotional connections through contextual loyalty and personalization.

Digital-first solutions help build loyalty through frictionless, connected consumer experiences across every touchpoint. The types of digital convenience that consumers want include giving them the option to pay for purchases with their accumulated points in near real-time. That means not having to wait for a cleared transaction to become available and getting rebates and offers automatically applied to their card statement. Most executives believe digital access will be the top driver of consumer loyalty in the next five years, according to a Harvard Business Review Analytic Services [report](#), sponsored by Mastercard.

The digital-first experience should also incorporate seamless ways to reward cardholders and incentivize them to reach for their digital wallet and other digital payment types, especially for online transactions.

Issuers can also use digital-first experiences to help cardholders navigate the new reality of COVID-19 by helping with certain transaction types and encouraging key spending channels. For example, card issuers can set up card-linked promotions such as 2 percent cash back on online grocery deliveries or double points rewards for using contactless for their purchase. Card-linked promotions like these go a long way in celebrating shared values like supporting small businesses and charity—issuers can reward consumers with points or cashback if they shop with a small business or make donations to charities after cardholders hit certain spend thresholds.

Being able to swiftly launch digital-first platforms is crucial for responding to COVID-19 quickly. Turnkey solutions that can plug into an issuing bank’s backend system with minimal IT involvement is critical. And the long-term benefits will pay off—using customizable, card-linked promotions can shift spending to their card and ensure preference even after things return to normalcy.

Another area brands should focus on now is using data insights and advanced analytics to inform loyalty strategies that help consumers feel more connected to a brand. When brands understand, anticipate and react to consumer needs with curated in-the-moment offerings like relevant products or reaching them in the right channels, consumers know that their brand understands them. Nearly 20 percent of consumers said in a survey they would share their personal information with a company to receive personalized offers or rewards, according to a Harvard Business Review Analytic Services study, sponsored by Mastercard.

Advanced analytics allow brands to create those relevant offers and experiences based on detailed segmentation and predictive modeling. Analytics also provide a lens into the performance of loyalty programs, promotions and offers, allowing companies to adjust as needed.

While the world continues to adapt to stages of the pandemic, and businesses continue to figure out new ways of serving their customers, loyalty strategies will also need to evolve and expand. A loyalty strategy must focus on the needs of consumers and provides seamless, secure and easy ways to do business with the brand. There’s a direct tie between a strong loyalty program and an increase in digital payments and that’s more important than ever as we figure out the new normal.



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