

This Is What Should Be In Your Wallet

It turns out consumers really like loyalty programs. Rewards and incentives are a great way to nurture regular and repeat business and thank loyal customers. However, the industry may be quickly becoming a victim of its own success because keeping track of these offers is overwhelming for the consumer, leaving them unused and the benefits to both the business and customer, untapped.

In this 2019 compilation of statistics on consumer preferences regarding loyalty programs, platforms and use requirements, the overwhelming response is that good incentives drive loyalty to a brand and consumers largely approve. However, deploying the incentives is increasingly causing friction.

Here are some key takeaways:

- 73% of consumers are more likely to recommend brands with good loyalty programs (Bond);
- 79% of consumers say that loyalty programs make them more likely to continue doing business with brands (Bond).

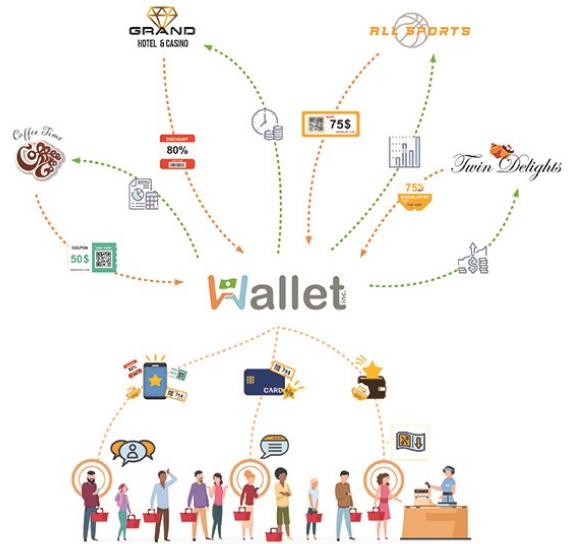
Consumers' top frustrations with the rewards experience include:

- Long wait for reward (46%);
- User errors (34%);
- Confusing redemption process (34%);
- Tracking points (27%).

Nearly 90 percent of customers miss valuable loyalty-program opportunities. Wallet Inc. is changing that.

There is no denying it is an excellent way for a business to regularly interface with their customers to build and reinforce loyalty but unfortunately, consumers are overwhelmed with offers. Who can't relate to inundated email inboxes, stacks of direct mail, digital popups and multiple apps to the point that we just give up tracking coupons, rewards and incentives at some point?

John Turnham, founder and chief technology officer of Santa Barbara, California-based Wallet



Inc., recognized these issues were creating a barrier between businesses and consumers that could soon undermine what is largely considered a mutually beneficial relationship. So, in 2014, he leveraged his more than 20 years of software-development expertise and created Wallet Inc. — a proprietary, web-based software as a service (SaaS) system that combines rewards organization, customer relationship management (CRM), digital-payment technology, and a direct-to-consumer marketing platform.

“We launched the first version of our platform in 2015,” Turnham says. “Now we're moving forward with a 2.0 version and are currently in beta

testing. We have 3,000 businesses that have been invited, and we've so far generated more than one million digital wallets, with a one-to-one relationship between Wallets and customers. The Wallets have facilitated over \$1 billion dollars in value, exchanged between businesses and their customers in the form of rewards and loyalty benefits.”

To clarify, the 1-to-1 is so customers have only *one* wallet and all their different rewards are kept

there. All incentives are delivered directly to the Wallet – and then organized by company – which allows the consumer to easily find them. Each business page is skinned with that company’s logo and branding so the customer can quickly find any new or applicable rewards. The data is then used to further refine what the customer is using, so businesses can better target their offers.

“When we launched, we went big by choosing an industry that is probably the most aggressive environment for rewards – casinos,” Turnham says. “Casinos have many different profit centers and it gave us an environment to learn more about how different industries handle customer data. In addition to gaming, casinos have retail outlets, hotels, restaurants, spas, etc. and much of that data may not go into any central system so the establishment can lose out on understanding the purchasing preferences of even its most regular customers.”

Having clear data about your customers in order to best serve them and target their unique needs is at the core of CRM, which is now the largest software market in the world and is predicted to reach \$80 billion in revenues by 2025. CRM for marketing can keep data in one place so you always know your customer’s shopping preferences.

Another component of the Wallet Inc. platform that was previously a convenience is now considered requisite – contactless payment. “Many businesses have suspended their use of cash due to COVID-19,” Turnham says. “This happened so abruptly and is so severe that many businesses are experiencing coin shortages. With Wallet, a consumer can begin a transaction, locate and apply any current offers, and pay all from their device, resulting in a touchless point of sale.”

Getting more bang for their marketing buck is yet another advantage for businesses. They can tailor offers to their customers and know exactly how effective that offer is in a matter of hours, not weeks, as would be the case with traditional marketing. Offers can even carry a time element – you get 25 percent off if redeemed in an hour, for instance – and then that offer ticks down as time passes. This fosters the “must act now” sense of urgency that can be very effective in sales.

“This platform is great for direct targeting,” Turnham says. “Because so many people are now staying home, advertising in public spaces has become much less effective and measuring traditional marketing campaigns has always been incredibly difficult. This causes large companies to

spend far more money than they need to because they have to saturate, and small businesses have difficulty competing for the same customers due to their limited budgets. But if you can send your marketing directly to your customers, you can alleviate much of that.”

Turnham explains that digital advertising on Google or Facebook can target directly “however, customers don’t control the content provided through these marketing channels, and as a result, they are inundated with over 5,000 ads daily. We believe customers should control how businesses communicate with them.”

“Emails are not suitable for loyalty programs,” he adds. “Customers are already bombarded and typical open rates for email marketing is in the 10 to 20 percent range, so this means that 80 to 90 percent of targeted customers are missing the opportunities provided by their loyalty programs.”

And still, the data is not always being collected and managed in one place, so much of it is siloed and lost, even in the same company.

“A company’s marketing department would have different tools than the IT department or the accounting department,” Turnham says. “The Wallet platform scales to suit companies of any size with any number of departments and employees. This allows the business to manage their customers, club members, transactions, rewards, messages, integrated systems and analytics. It is essentially the communication hub for these different systems and connects customer data from different environments and brings it together so the business can manage it from a single, centralized system.”

So how do businesses get their customers to start using the Wallet? Turnham explains that achieving a high adoption rate, customers should be invited by one or more of their favorite companies, via a text message.

“The invitation is a link that is fully compliant with all TCPA regulations so customers can opt out if they choose,” he says. “One of the big benefits here is that SMS messages have a 98-percent open rate so once a customer clicks the link they’re provided with their personalized wallet and all transactions from participating businesses are loaded. They can access from their mobile device or computer with no app to download.” — By Susan Belknap, California Business Journal.

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