PHOTON®

Rethinking Loyalty with Shared Values

A purpose-designed loyalty program for lifelong customer relationships.



Abstract

Customer loyalty programs today are an effective channel for brands to build strong relationships with their customers. Not only do these initiatives facilitate repeat business, but they also elevate customer success and satisfaction levels while nurturing brand advocates.

Market research predicts that the global loyalty management market will grow from $8.6 billion in 2021 to $18.2 billion in 2026[1]; thus, emphasizing brands' need to adopt a relevant perspective toward Loyalty Programs.

This playbook proposes a new approach to brand loyalty. It goes beyond both Share of Wallet and Share of Heart to offer a purpose-designed loyalty program that not only builds positive relationships with existing customers but also helps acquire new customers.



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A Fresh Take on LOYALTY

Moving Beyond Customer Retention

Over the years, loyalty programs have become standard practice across all industries, from retail and travel to fashion and banking. As customers and their needs evolve, so should loyalty programs.

An average of 70% of respondents in a market survey said that they tend to buy from brands that reflect their values[2]. Besides, between 2013 and 2021, consumers' preference for brands with an aligned purpose increased from 50% to 66% in the US[2]. So as companies strive to understand their customers' changing priorities, there is an inherent need for brands to center their loyalty programs on Shared Values.

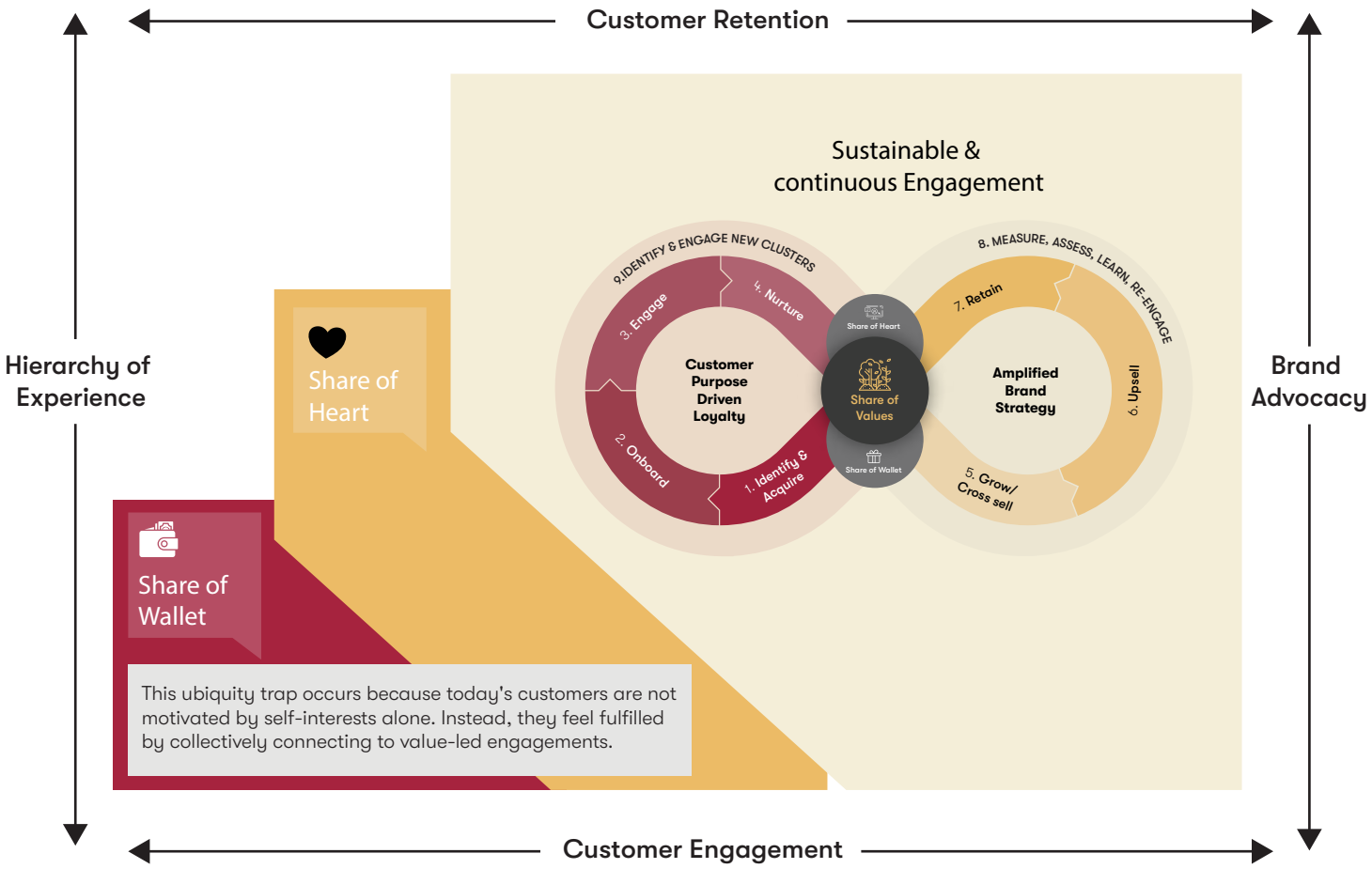
Through this playbook, we offer you a fresher perspective on how you can build a purpose-driven, value-led loyalty program that enables enduring positive relationships with your customers.



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Avoiding the Ubiquity Trap

How to stand out in a crowded loyalty landscape



Why it matters?

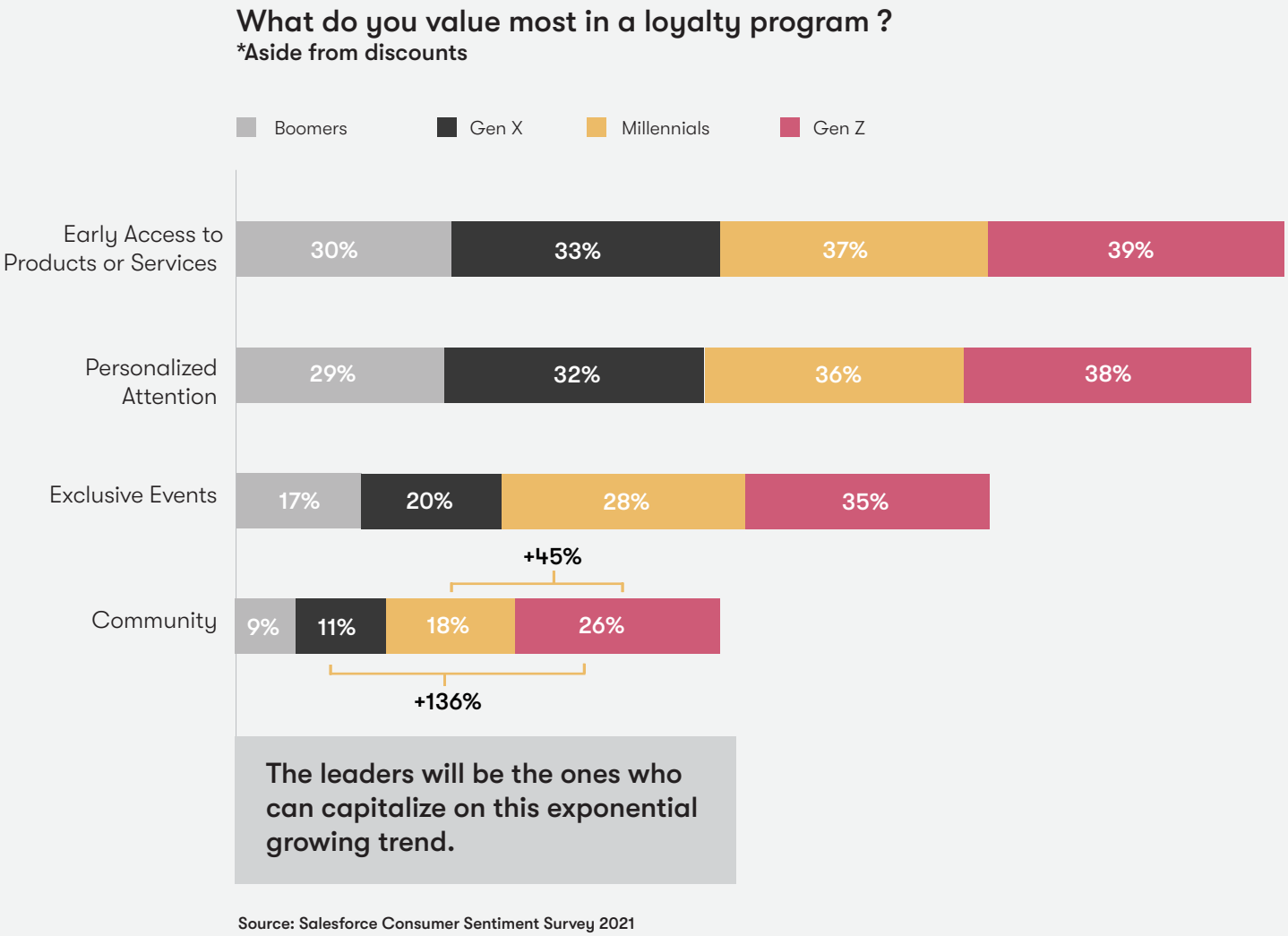
The Loyalty Ubiquity Trap occurs because modern consumers and new generations are not motivated by self-interest alone. Instead, they feel fulfilled by collectively connecting to value-led engagements.

However, most loyalty programs today are built on Share of Wallet, focusing solely on a functional relationship based on the brand offering endless savings and discounts. Instead, these programs need to develop meaningful brand equity and customer loyalty or face transactional traps leading to lost Customer Lifetime Value.

When we go a step ahead, we have Share of Heart, where the customers emotionally connect with the brand. However, it often falls short of inspiring customers to be brand advocates in the long run.

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Community Value is Growing Faster than Historical Drivers from Gen X to Gen Z



Source: Salesforce Consumer Sentiment Survey 2021

Share of Wallet and Share of Heart driven motivators, such as early access to products and services, personalized attention, and experiences, are still relevant.

However, the generational growth of community value is the most significant opportunity for brand growth in the time ahead. Community value has emerged as a category motivator for Gen Z, who will make up 40% of consumers by 2026[3]. As the greatest growth opportunity in the loyalty spectrum, brands need to step up and leverage community-driven programs that Generation Z cares about deeply.

These modern consumers want to know a company's ethos beyond their products and services and choose brands that align with their values. This new mindset means it is imperative to leverage community-driven programs that are now the key to recruiting and retaining Gen Z customers.

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Staying Ahead of the Curve

Understanding current loyalty trends



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out of 16.7 loyalty program consumers in the US actively engage with the program.[4]

58%

buy or advocate for brands, and 64% of Institutional Investors invest based on their beliefs and values.[5]





82%

of the companies plan to significantly increase their investment in customer loyalty for the coming five years.[5]

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Building a Purpose-Driven Loyalty Program

Why values matter

To move beyond the limitations of Share of Wallet and Share of Heart, we propose a new approach rooted in Shared Values. By building on the merits of both Share of Wallet and Share of Heart, and aligning brand purpose with individual values, brands can create a more enduring engagement platform. This alignment between brand's purpose and customer's values forms the basis for what we call 'Share of Values.'

This new model helps you escape the Ubiquity Trap by providing more relevant and personalized relationships. In this case, your Loyalty Program becomes so much more than a mere promotional tool. It instead serves as a strategic umbrella for customer engagement built upon mutual trust.

"By creating an exchange of shared beliefs and convictions, companies can foster an emotional connection with their customers that goes beyond what 'Share of Wallet' or 'Share of Heart' strategies can offer. This deeper level of engagement elevates the customer experience and allows brands to drive sustainable growth by establishing a lasting link between brand purpose and individual values."

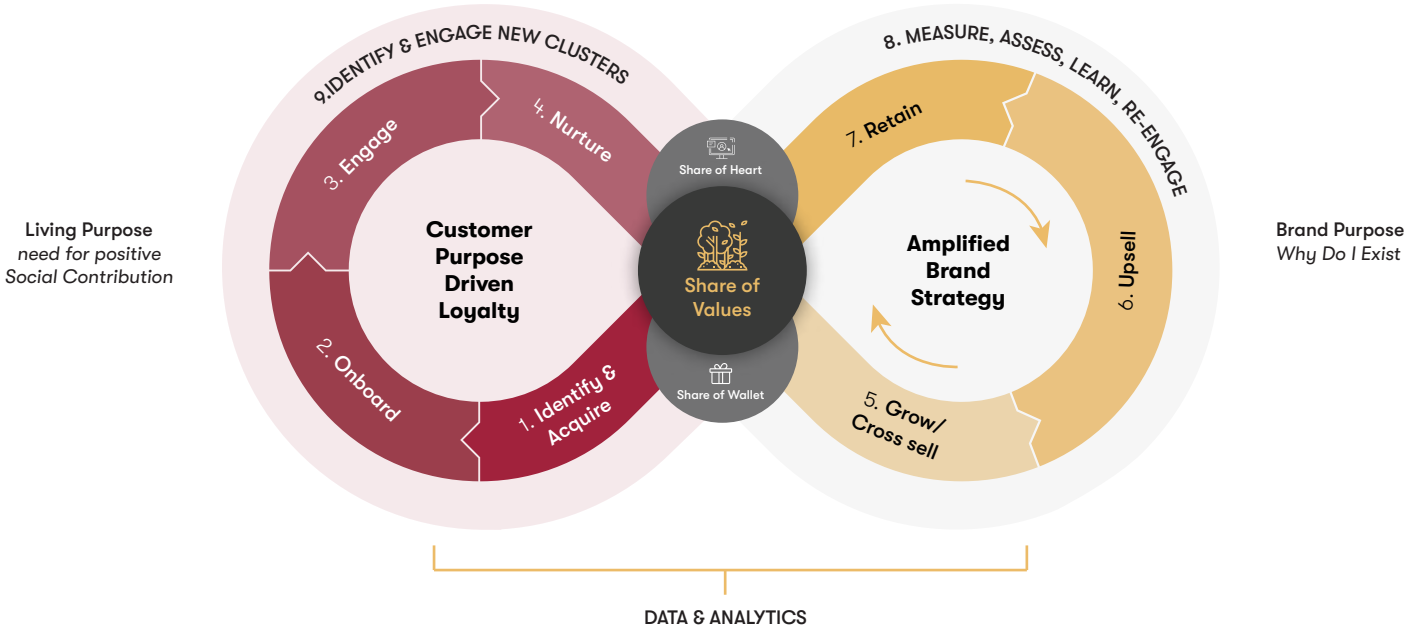


Deepak Sharma,
SVP Customer Strategy & Innovation, Photon

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The Infinity Loop

Infinite Value Creation through Purpose Alignment and Analytics



Leveraging existing customers and engaging new ones

Infinite Value creation

- Mobile-first, omni-channel, technology-enabled loyalty unleashes optimized, real-time, personalized customer experiences
- By creating community and values-led initiatives, you unlock the evolving paradigm of new generations
- Leverage the full potential of the client's brand advocacy by allowing them to co-create and to co-share their activity on social media and then leverage that to extend their brand resonance to their followers

Acquiring new customers often starts with identifying the target audience and onboarding them through marketing and advertising efforts, followed by the engagement phase. However, brands often fail to use the correct tools to keep their customers engaged and risk falling into the Ubiquity Trap. This is where the Share of Values comes into play.

Share of Values creates a bridge, combining the brand's purpose with individual values, and creates emotional affinity. Simultaneously, it employs new technologies like AI, Machine Learning, and blockchain to facilitate functional delivery — fueling the Infinity Loop.

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Harnessing Technology
for Enhanced Loyalty



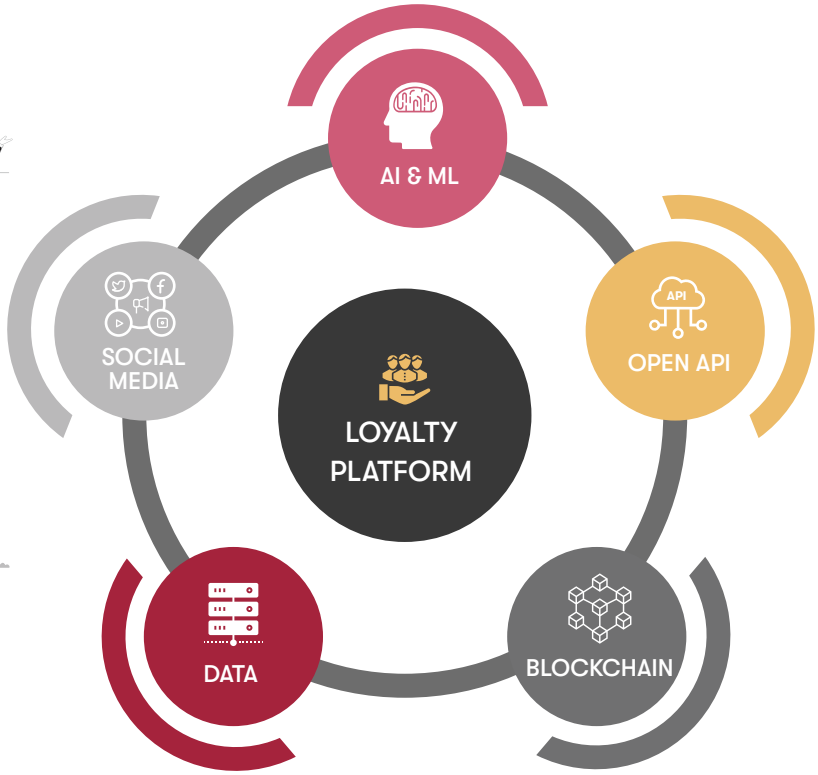
Personalized
Experiences
My Brand “gets” Me



I Share
My Brand
Experience

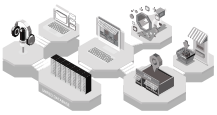


More Merchants
For Me to
Choose From





My Brand
Understands Me



My Program
“Earn Everywhere,
Burn Anywhere”

As technology advances, businesses can tailor their offerings and customer interactions based on individual preferences. This landscape of technology-enabled loyalty initiatives allows for a more personalized, value-aligned experience throughout the customer's journey with the company.

Photon Framework

for Creating a Winning Loyalty Canvas :
A Roadmap for CXOs

Click here to request the complete Photon Framework for Loyalty Canvas.

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Find your Loyalty North Star with Photon

We hope this playbook has provided valuable insights and inspiration for your loyalty program. Loyalty programs must ascend the hierarchy of human experience to reach people where they are headed. This can be achieved by offering a more compelling value proposition based on purpose alignment through Shared Values and create lasting, meaningful, and engaging relationships with your customers.

Stay engaged as we take the next step in our loyalty series, exploring Subscription Loyalty Programs and the Technology Stack driving them.

At Photon, we deliver enterprise digital transformation at scale by leveraging deep domain expertise. We use the full strength of our comprehensive capabilities across strategy consulting, creative design, and engineering excellence. Our breadth and depth of services allow us to address complex challenges and deliver holistic solutions.

To learn how we can help you create a successful purpose-designed loyalty program, contact us at **yourdigitalpartner@photon.com.**



Click here or scan the QR code to connect with our digital experts.

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About the **authors**



Author

Deepak Sharma

SVP Customer Strategy & Innovation, Photon

Deepak Sharma is part of the executive leadership team at Photon, responsible for Customer Strategy & Innovation, Pre-Sales, and Customer Success. He plays an instrumental role in designing future consumer experiences and building transformation roadmaps by leading digital innovation for our clients. In addition, he is also responsible for shaping our industry-leading Customer Success models across services.

Before Photon, Deepak was a Partner/Managing Director at Deloitte Consulting. He co-founded Deloitte's Customer Success practice, focused on driving customer and digital experience transformations across a diverse portfolio of Fortune 500 clients. Before that, he was an Associate Partner at IBM Global Services, focused on leading customer experience transformation efforts across an extensive portfolio of B2B companies.

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Co-authors



Co-author

Sami El Natour

Customer Strategy & Innovation lead

Sami El Natour is a Customer Strategy & Innovation Lead at Photon with professional experience spanning advertising and communication, banking and healthcare industries. Before Photon, Sami was a VP Marketing with American Express Mena managing Product Strategy & Development, Customer Loyalty and Engagement and Consumer Cards Portfolio.



Co-author

Brian Winett

Customer Strategy & Innovation Lead

Brian Winett is a Customer Strategy & Innovation Lead at Photon and specializes in strategy engagements ranging from supporting culture shifts while enabling digital transformations, to enabling customer and colleague success initiatives. He also supports technical initiatives that involve modernizing archaic, legacy architectures.

Acknowledgment

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1 Loyalty Market Management report by **MarketsandMarkets**

2 Global Trends 2021: Aftershocks and continuity by **Ipsos**

3 Salesforce Consumer Sentiment Survey 2021

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5 Report: **2022 Edelman Trust Barometer**

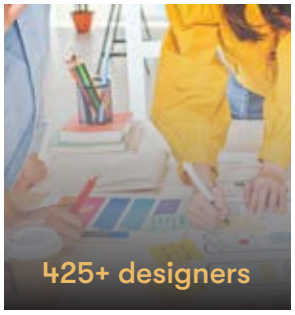
6 Article: **Barrett 7 Levels Model**

Our industry-leading expertise



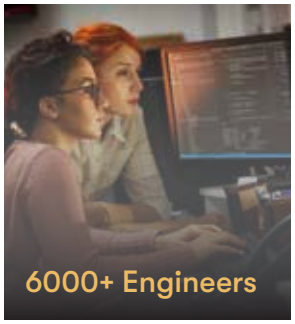
Strategy Consulting

Our strategy consulting team first gathers market research and creates a situational and gap analysis with all client stakeholders. Then, arriving at an evolved vision of the target state, we prioritize KPIs and create milestones within a transformational plan.



Creative Design

As a company, Photon's creative designers provide a data-driven UI and UX, integrating digital and physical interactions across channels for customers to interact with their favorite brands.



Engineering

We engineer and support over 1 billion customer touchpoints every day, across web and mobile experiences. With a 6000+ pool of trained web, mobile and multichannel engineers worldwide, we can scale as needed.

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