

COLUMNS

What the AmEx-Uber partnership signals about customer engagement

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American Express' recently announced partnership with Uber on a "first-of-its-kind" loyalty program represents the latest attempt to evolve from executing transactions to creating meaningful human interactions meaningful both in terms of the surprise and delight that they give customers, and in the effect that they have on usage, retention and lifetime value.

Here is how it works. You upload your American Express card information into the Uber mobile application and use your American Express card to pay while earning double the points, or use your accumulated AmEx Membership Rewards points as a form of payment. American Express is doing similar things in taxis in partnership with Verifone and as a payment option on Amazon.

At a time when most card companies most companies for that matter are still focused on acquisition and customer management, American Express is an innovator in creating customer engagement.

This latest initiative is not as much about creating a sexy, innovative marketing idea as it is about creating engaged customers who have a higher willingness to expend effort, take risks and may even be willing to pay more for the perceived value that they gain.

According to Gallup, engaged customers represent an average 23 percent premium in terms of share of wallet, profitability, revenue and relationship growth over the average customer. Actively disengaged customers represent a 13 percent decline on the same measures.

So the real question is, when are you going to join the customer engagement bandwagon? If you plan to, here are some things to keep in mind:

Use customer intelligence to identify the moments that matter in your customer's journey. It is not always about how your customer uses your product, but rather the context in which your customer is using your product.

Starbucks uncovered a key customer insight within its retail stores.

At the most basic level, Starbucks customers are interested in buying a custom-made cup of coffee even though they are often in a hurry. The straightforward marketing answer? Sell them a cup of coffee and have them wait to get it.

The engaged marketing answer? Build an app that recognizes the context and speeds up the buying process while simultaneously offering a loyalty program.

Make it simple to engage. Many of us remember a time when you could ask a consumer to cut out 10 box tops, mail

them in, and require them to wait six to 10 weeks for the prize to arrive in the mail. Those days are over.

If you want to engage your customer, you need to anticipate the steps that a customer will go through and make their life easier.

In the AmEx-Uber example, they have enabled a technology that allows the customer to use the mobile camera to scan their card and read all relevant information. No more typing required.

Make sure there is a value exchange. Consumers have plenty of options when finding ways to spend their time. If you want to earn more than a "Like," you need to provide a value exchange. The good news is that does not have to mean a monetary exchange.

In the case of AmEx-Uber, they are enabling customers to access their membership rewards in a seamless way, saving them time and unleashing the value in the points.

Measure what matters. Traditional acquisition and retention metrics still apply, but to truly measure customer engagement you need to begin to measure other things.

An ongoing data management strategy is a necessity in today's age to move beyond segment-based marketing into a segment-of-one approach to personalized marketing.

Make sure you have the technology in place to deliver relevance. Marketing automation, lead management, Web content management and digital analytics are all important tools for delivering more relevant content and enabling a customer-led approach to marketing.

CUSTOMER ENGAGEMENT requires the right mix of customer intelligence, technology and unique experiences working in harmony to create meaningful, lasting relationships between brands and customers.

AmEx and Uber are two leading brands that have separately succeeded in creating customer engagement. It will be interesting to see whether this new partnership dilutes each brand's relationships with its customers or strengthens it. I view it as a great opportunity with little downside.

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