

COLUMNS

Mobile wallet opens new channel for building customer loyalty

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This year continues to see great change to retailers regardless of where they are or what they are selling. There continues to be an ever-increasing threat in customer erosion, whether the model is bricks-and-mortar, ecommerce or mobile commerce. And sales have slowed, with retail sales growth in the United States, for example, currently stuck in the **low single digits**.

As a result, retailers are now challenged to answer how they can create a moat around their current customers, and retaining loyal customers is more important than ever. But this is easier said than done, and to build loyalty in today's market, retailers have to be able to engage with the right customer, at the right time, in the right way.

Clearly, one of the most powerful ways to do this is through mobile. This medium has become so important that it now serves as most people's first point of contact for much of their communication, information and entertainment needs.

On alert

While this has not gone unnoticed by brands, surprisingly, on average, only **12 percent of their advertising budgets** currently go to mobile. This presents a problem since many consumers who establish mobile relationships with their favorite brands now expect personalized, contextually relevant experiences as the norm.

Retailers, though, are now in a prime position to capitalize on this expectation and maximize consumer loyalty, retention and spending through mobile.

In particular, while loyalty cards, coupons and limited offers will continue to be a marketing mainstay, a rising challenge for retailers now is how they can broaden their mobile strategies to drive even more value out of their current customer relationships.

On this front, mobile offers an especially complementary fit with customer loyalty programs in driving better engagement.

MOBILE'S direct channel allows retailers and other companies, such as financial institutions, to target personalized rewards and special offers straight to opted-in customers. This channel also allows customers to easily redeem these special rewards and deals.

Features such as balance notifications and reply-to-redeem alerts enable a seamless and hassle-free redemption system a system that does not require customers to make a phone call or go online to cash in their loyalty points.

In this area, the mobile wallet is a channel that particularly dovetails well with loyalty programs when looking for a way to deliver the right message at the right time. This channel offers a fresh approach for delivering coupons, rewards and other one-time passes straight to a customer's phone, at a single location where they can easily be found and redeemed.

With mobile wallet, consumers no longer have to worry about bringing a separate card to earn loyalty points. They can monitor their loyalty activity and points balance in real time on their devices, and they can immediately redeem rewards.

For brands, this offers an amazing opportunity to foster long-term customer relationships and provide personalized engagements with their customer. These engagements can take place through customized coupons, sales, games and other personalized rewards such as birthday gifts, for example.

Get with the program

Critically, mobile wallet is uniquely capable of mobilizing consumer loyalty, retention and spending.

Just like a customer's real wallet, mobile wallet can hold vouchers, tickets, reward cards, offers, and receipts, all of which can be redeemed by customers through any channel that they decide to use to make their final transaction.

Another huge advantage of mobile wallet lies in its ability to make use of geolocation.

For example, when a shopper who has opted to allow her location to be used walks into a bookstore, the store can detect her smartphone's location, and then use data on her loyalty points and shopping preferences to alert her of a special reward or offer that matches her interests.

This type of loyalty interaction is much different and more direct than the traditional way of relying on a shopper to bring her card to a store and use it in a transaction to receive points and rewards.

Moreover, Apple, Google and other application payment providers are now playing their part as well, and helping persuade growing numbers of consumers to pay with their mobile devices. This, in turn, is opening up a future opportunity for mobile loyalty programs: Figuring out how to seamlessly combine payments with rewards offers a new level of engagement between brands and customers.

Specifically, in return for customers registering for a loyalty program and agreeing to share personal data, brands can gain invaluable insight into how they can deliver more customized offers and more relevant rewards to their customers.

To get a better handle on this and what the future of mobile loyalty and mobile wallet may hold, I recently caught up with several Gen Zers in London to capture a series of video interviews about their lifestyles and what they see coming next in mobile.

One [interview](#), with a heavy mobile user named Retta, was especially insightful in shedding light on the newest opportunities for companies to build loyalty by making life connections with consumers.

Through those insights and the unique features above, we can see that mobile wallet offers a powerful but still underused engagement channel.

AS MOBILE WALLET continues to become more widely used and gains popularity with consumers, brands must develop a full-scale strategy for integrating this channel in their loyalty programs and more powerfully engaging their customers.

Building the moat around the retailer castle, which is really their loyal customers, is a critical action, and it needs to be done using strategies that provide a meaningful value exchange for sticking by the retailer's side.

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