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Foreword by Paul Berney

The aim of this White Paper is to give an overview of the current state of the role of mobile in loyalty, with a sister paper focussed more on the like future role that mobile will play set to be published by the MMA in 2014. As this White Paper will demonstrate, although it is early days for the use of mobile in loyalty programmes, there are already some stand-out successes. Both the mobile channel and mobile technologies are having a significant effect on the way that brands engage with the customers. In this way, mobile is both causing and enabling a change in consumer behaviour and the way we interact. The paper will show that mobile can both enhance and extend current loyalty and CRM programmes and at some near future point, mobile will start to replace other channels as consumers become move to a ‘mobile first’ world.

As ever the MMA is grateful for the support of its members in helping create this document, in particular the contributing sponsor companies of Advice Group, Aimia, Gemalto, IMI Mobile, Lumata and Velti.
The global ad market is on a path of steady recovery, with growth of 3.5% forecast for 2013, followed by 5.1% in 2014 and 5.8% in 2015, according to the latest ZenithOptimedia forecasts. This growth is being driven by digital innovations, with mobile, by some distance, the fastest-growing segment of internet advertising.

As the consumer attention shifts to the screens held in the hand, logic therefore dictates that advertisers also spend their efforts where their consumers are -- the mobile channel.

And as advertisers attempt to make their businesses more productive and boost customer satisfaction and trust, loyalty and CRM programmes are becoming ubiquitous in marketing strategies.

But given that there is a rapid change in consumer habits – the expectation that any desired information or service is available on our mobile devices – how can marketers keep up and win new customers, keep existing ones loyal and increase engagement and grow commitment to the brand? The answer, not surprisingly, is being where the customer is. The mobile.

Without a doubt, loyalty programmes are an effective way of attracting, retaining and turning consumers into a company’s profitable, and most importantly, the most engaged and therefore valuable customer. In Europe almost 80% of the population is signed up to some kind of loyalty programme. And as the number of mobile devices and their usage continues to rise, marketers will have no choice but to meet their consumers on their desired devices. Mobile is the one true medium that connects the digital to the real world.

The aims for different companies could be varied – from driving specific customer activity to repeat purchase to learning more about the customer – but the essence of all loyalty programmes is to establish a higher value relationship between the business and its customers.
This white paper analyses

• The benefits and advantages of mobile over other channels in the context of loyalty. The paper will outline the advantages that the contextual and personal nature of mobile has over other channels, which makes its both the most powerful and the most challenging channel for marketers.

• The current landscape and best practices, to highlight the tools and enablers of mobile loyalty that businesses can derive inspiration from.

• How mobile can be used to engender loyalty and therefore deepen customer engagement, and how mobile is changing our approach to loyalty and therefore more meaningful customer relationships.

For the purpose of this White Paper, we have used the following definitions of Mobile Loyalty and the mobile CRM.

**Mobile Loyalty**

An on-going value driven engagement between the brand and the consumer through the mobile channel.

**Mobile CRM**

A model to manage and measure one-to-one customer relationships on a mobile device, which allows for better returns and an enhanced loyalty.

Note: It is recognised that occasionally marketers use mobile loyalty and mobile CRM as interchangeable terms. For the purposes of this document, CRM is seen as an approach to achieve loyalty.

This white paper does not seek to provide an in-depth explanation of loyalty schemes as a whole, but how mobile can be used within them.

It is assumed throughout that the starting point to any successful loyalty scheme is the creation of a positive customer experience and therefore the key to any good loyalty programme is to establish an on-going framework to allow for learning more about customers, influencing their behaviour and providing them added value in return.
Why Mobile is Being Used?

The Unique Role that Mobile Plays

The ultimate aim of any business is more than a one-off sales – it is about engagement, repeat purchase and building a long term trust and loyalty with their customers.

In a multi-channel world where consumers carry their phones with them every moment of their waking lives, there exists a tremendous opportunity for brands to engage in a dialogue with their consumers in a way that is personal, relevant and most importantly valuable.

As the role of mobile grows, marketers are experiencing a seismic change in the way consumers search, shop, pay, play, communicate, consume and receive information. Mobile is affecting every stage of the path to purchase, and is clearly developing as one of the most effective platforms to inspire a desired action from the consumer.

The omnipresence of mobile means that this device plays an intimate role in consumer lives, blurring the physical and digital worlds. Bank of America predicts $67.1 billion in revenue from smartphone and tablet retail purchasing by European and US shoppers in 2015 (Source: Business Intelligence).

In the UK alone, 39% of the total UK mobile population conducts shopping activities on their mobile phones, while 7 million actually purchase goods and services via their device – an increase of 46% (Comscore, 2013).
The Comscore 2013 Europe Digital Future in Focus report also added that 19.2 million EU5 (France, Germany, Italy, Spain and UK) smartphone users purchased a product or service via their devices in the three months ending December 2012.

According to eMarketer’s latest forecast - this year, 18.8% of all digital ad spending in North America will go towards mobile internet ads. Western Europe and Asia Pacific are nearly tied this year, with 12.6% and 12.3% of all digital spending occurring on mobile, respectively. Western Europe, meanwhile, is expected to expand its share more rapidly, as a relatively mature desktop ad market gives over to mobile channel.
The ever present nature of mobile therefore means that ‘enabled’ consumers are much more in control of their own needs and instant gratification and marketers face a number challenges in meeting those needs, such as how do they use the mobile channel to:

- Build stronger ties with consumers?
- Provide the information the customer is looking for?
- Offer unique set of services that cannot be matched elsewhere?
- Offer competitive pricing?
- Provide ease of shopping and ease of delivery?
- Make sure that the customer will recommend services received to other potential customers?
- And how to make sure that the customer returns to engage with the business following this one customer journey?

The following changes in consumer behaviour show that when it comes to using mobile technology, consumers are already there. Businesses need to play catch up.
Consumers ‘consume’ technology

Mobile can be viewed as both the cause and enabler of changes in consumer behaviour.

Consumers are increasingly media multi-tasking with more than 8 out of 10 mobile media users (84%) simultaneously interacting with their TVs or PCs, according to a mobile focused research commissioned by Yahoo! among UK mobile media users aged between 16 and 65.

A recent study from Future Foundation identified the emergence of ‘Hyper Individuals’ who are harnessing the wealth of technology available to them as consumers in order to learn new methods of efficiency, speed and accuracy. This always-on-the-go individual is “not just the multi-tasker searching for a good deal. Or the consumer who tracks their health and home energy use. Or the one who uses technology to automate their financial decisions. The Hyper Individual is the confluence of all these – the consumer who lives in the Cloud.”

The study says that the rise of the Hyper Individual will mean the emergence of the next trend – the end of inefficiency – meaning that it will lead to the rise of the smart algorithm and websites, apps and services that can mine data and suggest the best choice to the consumers.

The Future Foundation research found that 70% of British respondents said they would be interested in a real-time online price-monitoring service that alerted them the moment the price of a product fell, and 62% in a service that would move money automatically between savings accounts to make sure they earned the best interest rate.

When one of the biggest remaining challenges for marketers is to be prepared to have the right conversation with the consumers, when and how the consumers want to have it, the mobile channel is becoming the key touch point in their dialogue with those consumers.
Mobile Devices are Redefining How Consumers Use Their Time

It is not news that mobility is now reshaping mainstream consumer behaviour in fundamental ways.

A typical mobile consumer probably starts the day checking emails and news/information on phone. The consumer then checks it during a spare moment, asking the phone for the weather, train times, check scheduled appointments. Get lost, and use the maps to get back on track. Want to browse? Click on an app. Want an answer? It’s on the phone. Bored? Play with your mobile device. Waiting for the bus? Check the phone. Pay for the coffee? Swipe the phone. Whatever the question is, mobile is the answer.

A recent research in the UK conducted this year by O2 and Samsung reveals that UK users spend on average of 119 minutes a day on their smartphones. The research also showed that in comparison to last year, a greater proportion of smartphone users reported using the device for almost every activity they were asked about. The two most popular activities were found to be browsing the internet at 24% and checking social networks at 16%.

It comes as no surprise, of course, that if buying habits are going mobile, leisure time is also being spent on mobile – and not just on social networks but also for activities such as travel and entertainment.

Social media is, however, increasingly seen as the driving force of smartphone usage. A Nielsen study at the end of last year indicated that 47% of the world’s social networking and 33% in Europe is done via mobile phones. Smartphones, with their large touchscreens and built-in cameras, are able to integrate social networks with their user interfaces in a way that will only see their use on the mobiles grow further. This will allow brands to take the next steps towards creating more tailored and personalised services for customers.

With an increasing penetration in smartphones and tablets (according to Cisco, by the end of 2013, there will be more mobile devices on Earth than people), consumers are also increasingly demanding ‘anytime-anywhere’ computing that allows them to consume, share and create content with ease.
Mobile Influences and Disrupts Shopping Behaviour

More than 70% of Europeans research purchases using their mobiles and 53% have used their phone to make a purchase (Tradedoubler). Almost a third (32%) of smartphone owners research products on their phones every week, and 87% of those who do so have gone on to take further action – either finding out more information or completing a purchase.

Across the board, shoppers who use mobile more actually spend more in store, so marketers should face the mobile in-store challenge head on and own the digital shelf, according to M.A.R.C and Google Shopper Council research.
Mobile is rapidly changing the customer’s traditional purchase journey and massively disrupting our shopping patterns. Consumers in pursuit of value are being driven to research and browse the best possible offer at the very beginning of their purchase journey.

Loyalty management company Aimia conducted a study on more than 2,000 adults, 19 years and older on the concept of showrooming – where consumers check out goods on the high street and then buy them online at a lower price – a practice that has been blamed for some of the woes of bricks-and-mortar retailers. Aimia however argues that showroomers are among the high street’s best customers and should be embraced because their greater willingness to engage in reward programme memberships make them an undervalued consumer audience. In many ways, they could be seen as the ideal customers – they respond to rewards and offer relevance with increased loyalty; are highly engaged; fluent with technology; and very focused on extracting the most value from their brand relationships.
Acceptance of mobile wallet

It will be fair to state that while Starbucks is currently one of the best known successes in mobile payments, they are certainly not alone. All of the major banks and retailers are now offering mobile payments which means that the possibility of a mobile wallet has entered into the consumer conscience. More and more consumers are both aware and curious about mobile commerce – from waving their phones over a cash register to pay for a purchase to using barcodes and cloud-based payments.
A complete mobile ecosystem is however yet to emerge. Enhancing mobile payments with location-based services, digital coupons, special offers, reward points and consumer preferences is sure to turn mobile payments into a complete mobile wallet. It is already evolving from simply a one-dimensional experience of a single transaction to a mobile money experience – from the discovery and consideration of goods and services, to purchase, straight-to after purchase interactions with brands and businesses.

Mobile spending in Western Europe is set to increase eleven-fold to €19.2 billion in 2017, according to a study from Forrester. Last year, Europeans spent €1.7 billion on mobile purchases, or 1% of total online sales. By 2017, mobile will account for 6.8% of total online sales — lagging just slightly behind the US.

It could be argued that the UK will lead the charge in mobile spending, thanks to its higher online shopping penetration and the multi-channel shopping culture. Mobile revenues are expected to exceed £6.1 billion in the country by 2017. In southern European countries including Italy and Spain, mobile will account for an above-average share of online sales five years from now.

![Figure 1 Forecast: EU Mobile Commerce, 2012 To 2017](source: Forrester Research European Mobile Commerce Forecast, 2012 To 2017)

Read more about Mobile Wallet in chapter 6.1
The Role That Mobile Plays In Loyalty

The Benefits Of Mobile CRM

The essence of all loyalty programmes is to establish a relationship with customers and influence their behaviour by providing them with added value in return. As brands are compelled to work harder to increase customer retention and value, and go beyond the one-off tactical marketing initiatives to try and connect with their customers – mobile gives the brands the opportunity to create more personalised and therefore more exciting, more meaningful, relevant and uniquely differentiated experiences. In turn, strengthening and improving customer relationships and also increasing retention and long-term customer value.

**Mobile will build brand advocates:** An increase in reliance on smartphones means mobile has to become a priority for marketers because customer experience, brand advocacy and loyalty and sales will ultimately come from the mobile channel. Being present at touch points which matter most to customers will provide an emotional connection, because it is leveraging strategic moments that will help create affinity and advocacy.

**Mobile creates one-to-one relationship:** Mobile presents marketers with perhaps the greatest tool to realise the promise of one-to-one marketing. As a highly personal device, mobile can open up the possibility of knowing individual customers to a level of detail not possible before. This greater potential for profiling, segmenting and analysing a brand’s customer base and its buying patterns help to create personalised two-way interactions that are more relevant.

**Mobile deepens relationship:** From a data perspective, mobile CRM opens up a new streams of information that provide better context about customer behaviour. As programmes continue to move beyond traditional, transactional loyalty, mobile will play a critical role in reaching the right people at the right time and in the right places with the right message.
Information can be relayed in real time: At a time when customers want to manage their relationships with brands and to some extent also control their data (i.e. how much and what information the customer shares with the brand), the delivery of up-to-date and relevant communication is the key to nurture loyalty and create a conversation between the consumer and the brand. This up-to-date information can be made possible only through a mobile device, because of the advantage of real time communications.

Clever CRM campaigns will change their marketing messages according to changes in consumer behaviour and feedback. Mobile, for instance, amplifies customer review sites because customers can access these in real time. Deploying a mobile CRM programme that can bring a business closer to its customers and use analytics to understand them better, will help the business to create tools that can inform and serve the customer better and faster.

In Montpellier in France, projects are underway that use real-time transportation information on mobile phones to encourage citizens to use public or alternative transport. These mobile journey planners use real-time location data from buses, trains and trams together with information on delays to tell people when the bus or train will arrive, if it’s likely to be delayed and what alternative routes or transport modes are available. There are of course many such services available that reach people in real-time to help them deal with their everyday travels, such as FourSquare, the London Bus Checker and Real Time Ireland. However, not many big brands are realising the potential to reach consumers in real-time.

One exception is Taco Bell in the US, which runs mobile ads only when the weather gets very hot to reach customers who want to sit outside to enjoy burritos with friends.

Mobile delivers new utility to consumers’ fingertips: There are several expected benefits to leveraging mobile as a loyalty channel, like knowing your consumer and communicating one-to-one. Mobile however has huge premium on being useful, by creating experiences that focus on the specific needs of the target audience. A mobile brand experience that respects time and provides a useful outcome will invariably have a positive impact on the brand.
Marriott Hotels for instance recently introduced a mobile check-in service to its customers, who can check in remotely and ask to receive an alert when the room is ready. In another example, Price Check by Amazon App compares in-store prices with Amazon and its affiliated merchants, making for a very convenient shopping experience. Simply snapping a photo of a product, scanning its barcode or speaking its name into the phone will pull up Amazon’s prices. If the online retailer proves to be cheaper, users can click to buy the item and have it delivered to their door.

**Mobile can put the customer in control:** Mobility has changed the dynamics of when and how the customer shops, and who the customer wishes to interact with. Mobile devices have transformed the entire engagement model with customers – and thereby deepening the brand-customer relationship.

This in turn means that if companies provide value, customers will share greater information, leading to an even greater level of engagement and customisation.

If a CRM programme is ultimately used to learn more about consumers to better serve them, then mobile is ideal channel to achieve this goal. The brand gains valuable knowledge about its customer, in return for which the loyal customer gets instant reward or information whenever and wherever they need it most. This value exchange gives customer the control over their purchasing decisions and relationships with their transactions.

**Mobile means robust data, more data and better data:** Mobile is an opt-in channel requiring customers to actively participate. Therefore the data collected is much more reliable. Consumers who have positively agreed to communicate with a brand will always be an engaged audience, fostering a high level of receptiveness and response.

Data through CRM and loyalty campaigns on mobile is active and actionable on the front and back end, capable of both contributing vital information to a CRM database and also providing reliable data for a brand’s overall marketing and advertising initiatives.

However, it is simply not enough to gather robust data. Knowing how to utilise data to identify bottle necks and maximise customer interactions is the key to successful CRM.
Analysing data correctly gives a complete customer picture and is becoming increasingly important to deliver tailored and targeted content, vital in taking the next step in offering a complete loyalty package and maximising mobile CRM impact.

**Mobile delivers a complete customer picture:** By including data from mobile devices in the CRM programme, it gives the brand a more complete picture of their customers. It tells them how consumers engage with the brand – from research to purchase to recommendations. It can therefore help better understand customer journeys and customer behaviour, as well how it affects other channels.

A customer chooses the moment to interact on the mobile, and a mobile CRM programme, for instance, can paint of picture of whether that moment coincided with a new campaign, the weekend, after-hours customer service etc. This customer choice to participate in loyalty programmes has made mobile loyalty a key component of creating brand loyalty.

**Mobile optimises the basis for dialogue:** With the personal power of mobile, brands not only have the ability to influence choice or even nudge action but also facilitate an exchange of value for information. The channel has the ability to reduce the natural distance between a customer and a brand.

Brands and businesses are in the unique position to reach consumers horizontally through the mobile devices, impacting and influencing a range of decisions they make through the day – from choosing the source of daily news and information to receiving and acting on the weekly local promotions to using it to swipe and pay for the daily coffee.

Mobile CRM turns customer data into knowledge that can build an effective and a profitable platform for a one-to-one dialogue. Mobile is entirely opt-in, so there is a responsive audience that will click, download or SMS. And when mobile CRM is connected to opt-in and post-click engagement data, businesses will be able to mine rich data.
Optimisation of communications through mobile channel, whether that is a mobile web-page or email, can drastically affect the impact of CRM campaigns and customer information absorption. Nielson has found that 68% of UK consumers have used their mobile to check emails in the last 30 days, combined with 63% of people deleted an email immediately if not optimised for mobile.

Marketers will need to adopt and adjust especially to the technological evolution within mobile that strengthens mobile CRM capabilities and makes mobile marketing more effective. Text messaging, for example, is still a very effective way to engage with customers – 90% of text messages are read in the 4-6 minutes of delivery. Recent innovations, such as IMImobile’s Smart Link, helps marketers to measure the effectiveness of SMS marketing campaigns by providing the ability to send short, personalised URLs within the text message. It identifies the user’s mobile device, matches the consumer and handset information against the customer database and intelligently delivers tailored content for each customer.
Enablers of Mobile Loyalty

The renaissance in the customer loyalty programmes has been underway ever since the inception of the mobile phone, but it is the proliferation of smartphones, new technologies and the habit of carrying around a mobile device that will propel mobile loyalty into the future.

- **Post-PC growth:** The growth of mobile in the post-PC era has meant that marketers have been forced to address the issue and invest in mobile optimisation that is needed to meet the new shift in content consumption and online behaviour.

- **The rise of mobile payments solutions:** Innovative approaches to integrating payments with loyalty systems create new opportunities. The Square mobile payment ecosystem is based on a unique offering that affords merchants the ability to create their own loyalty opportunities.

- **Rise of social & peer reviews:** In an age when customers are fast losing trust in corporations, the importance of peer recommendations cannot be played down by brand owners. Social media makes it easier for customers to provide feedback on their experiences and make recommendations. While still underdeveloped, the power of peer recommendations is ever increasing and business opportunity presented by mobile advocates is being gradually understood.

- **Increased adoption of QR codes at point-of-sale:** Retailers are deploying QR codes to enhance shopping experiences, creating a closed loop between mobile phone and retail point of sale.

- **Increase in the amount of available location data:** Companies such as Foursquare have collected an incredible amount of location data and allowed merchants to create their own offers without the need for any specific technology. This gives brands the capability to target consumers and serve them with products and services that are useful and relevant to their lives.
What will enhance and revolutionise mobile loyalty?

1. Mobile Payment
2. NFC (Near Field Communication)

1. Mobile Payments

A recent forecast by Gartner on worldwide mobile payment transaction values says that this year there will be a 44% increase from the $163.1 billion in mobile payments made in 2012. Money transfers alone are projected to account for about 71% of total transaction value in 2013. But NFC e-wallet transactions are only forecast to account for 2% of total mobile transaction value in 2013. The research adds that while NFC remains a niche, money transfers are expected to remain the predominant use for mobile transactions, remaining at 69% of total value in 2017.

Both finance and retail are invariably leading in providing mobile payment solutions for their customers.

(Read more in chapter 5.1)

2. NFC

NFC stands for Near Field Communication – it is a protocol that transfers data over the air between devices in close proximity (via a tap for example). NFC technology is being used to allow consumers to tap to pay for things using their mobile phones. Though the technology has been in existence for at least five years, it remains in a nascent stage with very few businesses making use of it and a general lack of acceptance of NFC services among consumers.

Smartphones with NFC technology were launched in 2007, and by 2012 comprised 55% of smartphones on the market, according to market research company Ovum. But very few are being used for NFC payment. NFC transactions for 2017 are forecast at $34.7bn, only about 5% of the total worldwide mobile payment market.

With a huge potential of making consumers’ lives easier by letting them, with a simple touch, enable secure access to new transaction and payment services across a range of sectors and industries, the adoption of NFC technology is set to increase noticeably.
British Airways has announced it will be launching an electronic luggage tag to support NFC technology next year. The product will be trialled over the next few months. Using the British Airways mobile app, passengers will be able to hold their NFC phone to the reusable luggage tag to automatically update its e-ink display with a tracking barcode, flight details and an easy-to-see view of the bag’s destination. Customers can then have their electronic tag scanned at the bag drop, going straight through security.

There are a number of other factors that will further accelerate the use of mobile:

- Roll out of 4G networks: Although true mass-market adoption is still a small while off for 4G, the introduction of the this super-fast mobile broad-brand offers exciting creative opportunities for running media campaigns on mobiles.

- Regulator-driven reductions in tariff premiums for international data roaming will allow consumers around the world to be better connected and increase the ease of use of mobiles.

- Growth of free Wifi networks outside of the home will increase appetite among consumers for greater connectivity.

- Social media as a tool will enable real-time connectivity between brand and consumer.

Also, the next generation of smartphones will be equipped with a greater suite of pre-installed software, such as cloud storage, translation and navigation, which will again have an impact on the role of mobile. As will the development of the mobile wallet and mobile payment systems. Visa Europe predicts that 50% of its transactions will be via mobile by 2020.
Before we look at the present day mobile loyalty and CRM landscape, it will help to understand how mobile has helped remodel the traditional CRM system – based around information collected by companies and then input into a CRM system that allows them to better target various customers. Mobile CRM however goes way beyond that because it is not just a simple selling tool. It has changed from being a system of record to a system of engagement. Mobile CRM provides great opportunity to build loyalty and value by being contextual to the customer’s experience, allowing for a long-term customer engagement.

The current day mobile loyalty landscape, created by mobile CRM tools, looks something like this.

- **A customer is made aware of a product or a service on a mobile** (through SMS, app etc)
- **Mobile creates an experience for the customer**
- **Mobile develops ‘intimacy’ with the customer’s mobile profile (builds engagement)**
- **Mobile (CRM tools) identify touch-points where an automated engagement mechanism could drive a sale**
- **Mobile tracks influences**
- **Mobile determines and measures ROI model**
5.1 The Current Landscape

**No plastic card, go mobile:** The mobile phone is increasingly serving as a replacement for the traditional loyalty card, offering new ways to earn, redeem and track rewards. A marketer’s job is to understand the aspirations and motivations that inform the decision making process of the customer, and mobile loyalty cards that help in not only accruing and redeeming points but also in providing value exchange will earn the loyal customer.

**The rise of social:** Social loyalty marketing allows a brand to take advantage of their customers’ desire for immediate gratification. The challenge for brands will be to integrate it in their overall mobile loyalty strategy, because the sticky nature of social messaging could drive higher engagement and also increase customer retention. But as brands get better at forging relationships with their customers in social environments, it will eventually lead to more sophisticated social-led loyalty programs.

**Mobile loyalty scheme as brand builders:** It is not just rewards or points that make up for a good loyalty scheme. Far from it. The very nature of a mobile phone means that the brand can provide up-to-date information and engage in real time information, in return for brand awareness and loyalty.

*Orange’s pioneering Orange/EE Wednesdays two-for-one cinema ticket promotion – managed by mobile loyalty company Lumata - has been running successfully for a decade and is firmly in the public consciousness. The simple concept is based on a free cinema ticket to any Orange customer who is allowed to take a friend along on a Wednesday. The low-cost campaign includes a customer request for a mobile coupon over text that can be redeemed at any of the participating cinemas in the UK.*

*The campaign, which runs across six markets in Europe and has since delivered over 60 million film vouchers, has however been more than just a promotion over the mobile channel.*
No doubt, the mobile campaign has generated loyalty by offering customers free premium content (free cinema tickets) in return for retaining their custom with the brand but by associating the brand to films it entered into the realm of entertainment for both its customers and its fans. When it first launched, a TNS research noted that Orange was the number one brand associated with films and that almost 60% of non-customers were aware of the Wednesdays programme. The mobile campaign has also changed consumer behaviour by making Wednesday the most popular day to visit the cinema outside of the weekend.

**Incentives, discounts and promotions:** Once customers have been recruited into the loyalty programme, many brands use this opportunity to influence behaviour through targeted incentives that reward action of any kind.

Ikea, for instance has launched a mobile loyalty programme to build a database of consumers interested in receiving discounts from the home furnishings retailer. The goal of the loyalty programme is to reward its best customers with discounts and special offers throughout the store. As a ‘text-to-enter’ type loyalty programme, it is meant for Ikea to start a meaningful dialogue with interested consumers.

Travel and leisure company Lastminute.com is another such example, where it attempts to unlock deeper relationships by creating what it calls “in-trip” experiences via mobile. It is also in discussions with select hotels and airline partners over what opportunities can be created for its customers.

**Location based offers:** The penetration of smartphones means that phone can measure location, and sometimes movement, speed and angles, giving brands to figure out the context the customer are in, right at that moment. Retailers could, for instance, use geo-location data combined with preference and transaction history to recognise and remind their loyalty members that they have points to redeem as they enter the store.

Marketers have also started using the mobile channel around existing physical events to extend the actual experience for its audience, offering more value and gaining further value and loyalty from the brand in doing so.
Social media and mobile loyalty (SoLoMo): People are accessing social networks more via mobile networks than ever before. The number of people who accessed Facebook each day on mobile devices exceeded non-mobile ones for the first time in Q4 2012 (The Guardian, August 2013). Twitter says that 60% of its 200 million active users access Twitter via a mobile device at least once each month. Google, too, says that mobile users make up the lion’s share of people accessing its Google Plus social network.

The great advantage served by mobile social networking is location awareness. Mobile devices use GPS and Wi-Fi positioning to know where they are, leading to opportunities around check-ins. Foursquare pioneered this, but Facebook is quickly catching up, with its “Nearby” feature in its mobile app, which shows places nearby, along with recommendations from friends. Twitter Places integrates with Foursquare and allows people to tag places in posts.

Location-based marketing enables companies to offer deals to attract visitors, giving them discounts for a certain number of check-ins, like FourSquare.

Recently, Jimmy Choo organised a live scavenger hunt around London using Foursquare. The initiative reported that following the mobile campaign, in-store sales leaped by a third.

Special deals or Member-only discounts: Typically, loyalty programmes have been built around points accumulation and redemption. This particular loyalty activity keeps customers active with brands on their mobiles - checking on their point levels to see what they have earned and how far they have to go to get a free product or how a first time purchase using mobile could mean an entry into ‘members-only zone.’ It is about rewarding members with something special.

However the challenge for marketers is to measure the effect of reward and redemption on consumer behaviour and whether it can impact on how often they come back. The far-reaching loyalty programmes on mobile offer value to customers in ways beyond simply points accrued or discount offers.
**Targeted deals:** Marketing directly to consumers through their smartphones and tablet computers offers a big opportunity to target the right audience with relevant messages with perfect timing. But it also runs the risk of annoying and alienating people if messages are badly chosen or poorly timed. The key is to get the balance right. Marketers can opt for push notifications via mobile apps, emails or SMS, or use a range of interactive virtual reality technology. But the most important choice is who to target and how often.

For instance in the case of shopping centre group Westfield, which is moving towards all of their digital channels being mobile-optimised, more than half of the customers who sign up to use Westfield’s free WiFi also opt in to receive direct marketing messages. This leads to careful segmentation of data that enables only relevant messages to be sent.

**Value Exchange:** With the rise of smart mobile payment apps and point of sale systems, businesses are now able to offer loyalty programmes that provide real value to customers and therefore accomplish what they are meant to: foster and increase loyalty.

A recent research report by Millward Brown in partnership with SessionM titled ‘Exploring the Role of Value in Mobile Advertising’ shows that mobile consumers seek value from brands in exchange for their time, which increases customer engagement and loyalty.

Findings from the report conclude:

Rewarded audiences are over twice as likely to interact with brands:

After seeing an in-app ad, 34% of rewarded users clicked or interacted with an ad, compared with only 15% of mobile users who had not participated in reward-based advertising.

Receiving a reward expands a consumer’s consideration set:

After seeing an in-app ad, 26% of rewarded users considered purchasing a brand, compared with 18% of mobile users who had not participated in reward-based advertising.
Not all reward-based advertising is created equal:

When using a reward-based advertising strategy, there are some things to keep in mind – 92% of mobile users said it is important they choose the reward they receive, and 68% of users prefer to know for certain they will get a reward, rather than be surprised. Users also prefer rewards that are tangible and have an element of choice in how they’re spent.

**Reduced Costs:** Traditional loyalty schemes come with a plastic card, but the move to mobile loyalty means no more such production costs for creating and managing physical cards. In addition, the advantage of going mobile is direct communication with the customer using mobile strategies such as emails, mobile payments and an app – making the customer journey smoother and running costs for businesses, low.

### 5.2 Mobile Wallet

It is not just the likes of Google, Apple and PayPal making a play for mobile payments, but also retailer and bank brands which are now joining in this revolution. The race to be the winning mobile wallet is on, and it will be the service that creates the best experience that will be the one which gets traction with the masses.

Berg Insights suggests commercial mobile wallet services will be operating in nearly half of the 27 EU members, plus Switzerland and Norway, by the end of this year. Many of Europe’s largest mobile operators, banks and retailers including T-Mobile, Orange, Telefónica, BNP Paribas, Barclays and Auchan have been identified as important mobile wallet players.

Mobile Wallet Solutions: Following will give a flavour of what is currently available in the market, and which probably gives a clue to what is coming ahead and the future of contactless mobile payments.

**Google Wallet**

The Wallet is an app that links to a NFC chip inside the phone. The technology allows the handset to make a payment by simply tapping on a reader in a shop. It also allows shoppers to store debit cards, credit cards, loyalty cards, as well as redeem promotions on their mobile phones.
Google doesn’t currently charge users or businesses for access to Wallet. It has since also launched a new app called Google Shopper that will push two different types of offers – ‘Today’s Offers’, which allows the user to see a single offer redeemable for discounted goods or services in their area; and ‘Nearby Offers’, which lets a mobile user to see a list of offers in the local area.

It is not currently available in the UK.

**BNP Paribas mobile wallet**

Belgacom, the largest Belgian telecoms company, and bank BNP Paribas Fortis are jointly developing a mobile commerce ecosystem for Belgian merchants and consumers to enable seamless and secure shopping and payments via smartphones. Accenture will help build and launch a new mobile platform that will enable Belgian consumers to use their mobile devices to make “in-app” payments (purchases conducted within mobile applications), receive tickets and coupons, and participate in loyalty programs for mobile shopping.

Belgacom’s and BNP Paribas Fortis’ joint solution -- expected to be launched in the spring of 2014 -- will be designed to integrate directly with merchant mobile apps, creating an ecosystem for mobile commerce. It will be accessible to all customers who have a debit or credit card from any Belgian bank, no matter what smartphones and mobile operators they are using.

**Orange Quick Tap**

The UK’s first mobile wallet service, Orange and Barclaycard’s Quick Tap allows transactions of up to £15 to be made with an NFC phone. It was launched in 2011 on the Samsung Tocco, making it the first handset of its kind.

Since the launch, the mobile company has been building contactless technology into a range of its phones. The money in the account can be topped up using a MasterCard of Visa credit or debit card.
**Weve**

Mobile groups in the UK joined up last year to create Weve, as a standalone venture to use data provided by the 17 million customers that have signed up to receive offers from these companies.

Vodafone, EE and O2 created this unified platform for NFC mobile phone payments. It was initially built to focus on how to use data for targeted marketing, but has since evolved into a platform that plans to integrate customer loyalty and mobile payments.

Weve hopes to have a system ready, by next year, which will allow shoppers to tap their phones at the till to pay their bill; to redeem their discount offer; and to collect their loyalty points.

This approach is similar to what Google Wallet has been trying to achieve – not only replace the credit card as we know it but also money-off coupons, loyalty cards etc with an NFC-enabled phone.

**EE ‘Cash on Tap’**

EE, in partnership with Mastercard, rolled out a mobile wallet system called Cash on Tap in the UK in July this year. This system is accepted in over 230,000 outlets in the UK, including in McDonald’s, Greggs, the Co-Op and Boots.

The system works via an app downloaded on the phone, which then acts as a digital wallet. The app stores a user’s card details, so it can be topped anywhere with a data connection. Any transaction up to the value of £20 is automatically deducted from the account. The phone does not need to turn on the app screen to pay for goods or services, it can simply be tapped.

**Vodafone Smartpass**

This is yet another system that uses a special NFC-embedded SIM card and an app in order to add credit to a mobile phone user’s account. Payments can be PIN-protected and the account cancelled in the event of losing the phone.

The system, which will be run in partnership with Visa, is being trialled in Italy and Australia at the moment.
**O2 Wallet**

Launched last year, the system is for all UK mobile phone users – not just limited to the company’s customers. It allows customers to add their credit and debit cards, as well as add pre-pay and send money to friends and family.

The application also offers deals and also searches and compares prices from over one hundred retailers. It launch partners included Tesco, Sainsbury’s, John Lewis, Comet and Debenhams.

Additional functionality will soon enable consumers to use O2 Wallet to top-up mobile airtime, buy train tickets and make mobile contactless payments via NFC technology.

**Visa payWave**

Visa Europe is set to roll out a mobile contactless payments system in the UK by the end of this year. The Samsung Galaxy S4 will come with the Visa payWave, and will keep the payment detail in an embedded secure element in the phone’s NFC chip rather than on the SIM card.

**Apple Passbook**

Passbook is a mobile wallet that enables consumers to store and manage their loyalty cards, movie and event tickets, coupons, and promotions in a centralized location on their phones. The app senses time and location, and automatically displays a ticket or an offer when and where the consumer needs it. It is also being used by retailers to deliver location-based offers when consumers OK location tracking.

However, unlike a Google Wallet, it does not allow users to use their debit or credit cards to make transactions.
Challenges ahead:

- The examples above demonstrate that mobile payments is already a crowded space and there also appears to be a lack of common standards across the industry.

- Perhaps it also not easy to predict what key technologies or business models will survive or emerge, but the fast growth in mobile payments (4% of all global retail transactions by 2017 will be on mobile: Juniper Research) means that next few years are expected to see a shake-out in this market.

- Where consumers are concerned, harmonisation and interoperability of systems, data security and privacy issues will be key to how much trust they put in when adopting mobile wallets.

- In Europe, the European Commission is aiming to promote a Single European Payments Area (SEPA) and will also seek to create a more competitive payments card market.

- The implementation of hand-held mobile point-of-sale devices is another challenge, especially when retailers are still working through the idea of getting the devices integrated into their operational plans.
Best Practices in Mobile Loyalty

Following are case studies, in different sectors, showcasing brands which have been leveraging the mobile channel to build customer loyalty.

Retail

The unstoppable rise in smartphones and therefore the penetration of 3G and 4G alongside social media adoption and technologies such as GPS, contactless payments and augmented reality means that retail as we knew it has changed. This transformation has fundamentally changed the way shoppers buy and behave and also the way retailers sell and interact with their customers.

Note: Some examples are recent launches and therefore do not include statistics but will provide an insight into how retailers are using the smartphone to create direct, personalised links with their customers.

My Starbucks Rewards

Designed to capture customer details and insight into what people are ordering, as well as provide feedback as to what they would like Starbucks to offer, the My Starbucks Rewards app allows customers to not only order drinks, but also check their balance in a Starbucks mobile wallet and loyalty points.

My Starbucks Rewards loyalty program, in the US, continues to resonate with customers, driving increased revenue, traffic and purchases and further differentiating Starbucks from competitors. The loyalty initiative has been so successful that the programme will now develop into a cross-channel multi-brand loyalty programme. According to the latest figures, Starbucks processes 3 billion transactions a day via its mobile app, generating more than 10% of the company’s revenue.

Customers in the US have now started earning My Starbucks Rewards Stars for purchases of Starbucks packaged coffee in supermarkets. These Stars can then be redeemed for free food or beverages in Starbucks retail stores. Together, these new programme innovations are expected to contribute toward a rapid
and substantial increase in My Starbucks Rewards membership, from 4.5 million active members at the end of October 2012 to approximately 9 million members by the end of fiscal 2013.

The tipping point in this success story was the introduction of the Square Wallet that allows customers to pay at Starbucks with one click and the scan of QR code, making it very attractive to its customers.

Starbucks has also been an early adopter of both geo-location and mobile payment technologies. For instance, in its partnership with Foursquare, the coffee retailer is exploring ways to reward customers who regularly check in and better understand their behaviour. The “mayor” of each Starbucks location -- the person who has checked-in there on Foursquare the most -- was entitled money off on drinks.

**Monsoon app**

Fashion retailer Monsoon recently launched its first app to reduce its loyalty scheme operating costs. Developed by retail loyalty specialist Ikano, the app allows customers to join the Monsoon Reward Scheme or register existing accounts, alert them to Monsoon promotions, and use their reward card from mobile phones. Customers also have access to their reward balance and it allows them to update personal details from their handsets.

As well as being convenient for customers by allowing them to manage their Reward Card on the move, the app allows them instance access to their Reward Card balance and transactions as well as the retailer’s latest exclusive offers.

It is fundamentally simple to implement and low cost and an example of way the mobile loyalty programmes are going.

As well as the savings on the production of plastic cards and the costs associated with physical direct mail, this mobile loyalty app enables more Reward options and flexibility to both Monsoon and its customers. It has also increased social engagement through its links to twitter and Facebook and drive footfall via its Geo Location functionality.
Sainsbury’s scan and go mobile shopping app

Sainsbury’s has become the first UK supermarket to launch an app that lets customers scan items as they shop using a smartphone and pay at the till using a QR code. The supermarket’s scan and go mobile shopping trial, launched last year, allows shoppers to use their own mobile device to scan items as they put them in the basket before paying at the checkout.

The app saves customers time, they can see what they are spending as they shop and provides more control. The service is currently limited to a few Nectar card customers who have been invited to take part in the trial. It allows for an enhanced experience for those wanting to manage their budget and those who want a quicker in-store service.

To shop using Mobile Scan & Go, customers:

- Download the Mobile Scan & Go app from the Apple App or Google Play stores
- Register using their Nectar card and the store where they shop at
- Log in to the Mobile Scan & Go app with their Nectar card details
- Scan the ‘Check in’ QR code located at the front of the store to start shopping
- Use the phone’s camera to scan the barcode on products as they place them in their trolley or bags
- Track how much they have spent and instantly see savings with offers and deals
- Pay at the till by scanning the ‘Check out’ QR code using cash or card

For Sainsbury’s, the value comes from the ability to know a shopper is in-store and what they are buying in real time. For the consumer, the value is in greater engagement and control, more insight into what they’re spending and less time at checkout.

Mobile by Sainsbury’s

This is a joint venture between Vodafone and Sainsbury’s. Mobile by Sainsbury’s has created a loyalty solution that links a customer’s mobile phone number to their Nectar loyalty card.
With over 19 million Nectar card users, the Nectar card loyalty program is one the most popular loyalty programs in the UK.

Mobile by Sainsbury’s delivers points incentives on top-up and bundle purchases, and also on in-store shopping. Families are able to link multiple numbers to the same Nectar card, further increasing the potential to earn points, which increases the appeal to Mobile by Sainsbury’s key target audience. The goal is to reward customers for choosing Mobile by Sainsbury’s as their mobile operator by providing benefits to using the network as well as their shopping.

Working in partnership with mobile solutions provider IMImobile, Mobile by Sainsbury’s has created an easy process for customers to link their mobile number to a Nectar account. Customers can either text into a short-code, complete an online process, or contact customer services to complete the linking of the program over the phone.

Linking a customer’s mobile device to their loyalty program will allow Sainsbury’s to analyse customer behaviour as they purchase items in-store and use various mobile services.

“Through an enhanced awareness of their customer base, this service could enable Sainsbury’s to further strengthen customer loyalty and revenue assurance strategies.
Papa John’s ‘The Price Isn’t Always Right’

Papa John’s wanted to drive sales, without discounting. Working with search agency Net Media Planet, it took the premise that hungry people are susceptible to appetite-inducing messages, and applied it to a mobile search campaign, encouraging hungry consumers to buy more when ordering their pizzas, thus driving up average order value. Taste tests were used to identify the keywords most likely to tantalize customer taste buds. Different side orders and desserts were promoted at different times of the day, on different devices, in different locations, to identify the best-performing combinations.

The campaign drove up order values, increased revenue-per-click, conversions, and margin. Average order value increased by +10.4% on desktop, and +12.7% on mobile. Mobile revenue per click increase +48%.

B&Q Club loyalty app

B&Q recently launched its new Club loyalty app to take advantage of that fact that up to two-thirds of its customers use their phones in-store. The home and garden retailer already has more than 640,000 customers signed up to its loyalty scheme, so the idea is to give them an easier way to redeem offers and also attract new users.

Rather than rewarding purchases with loyalty points, the B&Q Club app gives customers a reason to go in-store by offering exclusive discounts on various products.

The app, designed by Grapple, requires a login which automatically enters the customer in a prize draw for £10,000 and cheap batteries. The B&Q app also targets customers with push notifications of new offers, which can be shared via Facebook and Twitter.

McDonald’s: Targeting the Night Owls

McDonald’s extended opening hours to 24 hours for many stories, opening a big sales opportunity and setting a clear challenge for marketing – make people aware and get them through the door and also be highly targeted, as majority of its restaurants still close at 11pm.
Communication, therefore, had to be time and place specific. Clearly, mobile was central to the solution.

Devised and designed by Grapple Mobile, the cross-platform app and mobile website called McDonald’s Restaurant Finder was a 360-degree approach to mobile. It enables people to find their nearest open restaurant at any time of day or night.

It also allows customers to view the latest promotions and opt-in to receive tailored alerts sent directly to their smartphone’s home screen.

The campaign made a significant contribution to sales, contributing 4% to overnight sales value and an ROI of £2.71. Over 500,000 cross-platform apps were downloaded in less than six months; over 1,500,000 mobile website hits to the mobile website in less than six months; and 70% of customers regularly use the app to find a restaurant.

**Telecom Operators**

It will be fair to say that telecoms companies pioneered phone-based loyalty schemes, given that as the experts on mobile marketing they understand that mobile is the perfect loyalty channel – helping brands to connect directly with their consumers.

A recent benchmark study conducted by Analysys Mason suggests that more than 90% of mobile operators offer one or more loyalty programme.

**T Mobile Austria Flamingo**

This is a points-based loyalty programme open to both pre-paid and contract subscribers. It offers benefits such as airtime and handset discounts and also ‘non-telecoms’ benefits through partner programmes.

In 2011, T-Mobile Austria launched the biggest customer loyalty promotion in its history, with an expansion of its Flamingo bonus programme. Up till then, the Flamingo bonus programme allowed T-Mobile customers to automatically earn loyalty points and exchange these when extending their contracts.
All T-Mobile customers signed up to this loyalty scheme now get vouchers and/or reductions of between 10% and 30% in T-Mobile shops and from programme partners such as designer outlet Salzburg & Parndorf, sports brands- Intersport and Bundesliga, Therme Loipersdorf and Niedermeyer.

**Telefonica O2 UK Priority**

Telecom brands are increasingly moving focus away from the traditional points-for-rewards towards a relationship model, with greater emphasis placed on providing the customer with a truly great experience and making them feel truly valued.

When O2 decided to build on the success of Priority, the exclusive and wildly popular VIP ticketing service, it created a game-changing and engaging loyalty platform to reward its customers with everyday exclusive offers and experiences from brands they love.

The mobile loyalty programme, created by Cherry, devised a robust partner proposition to bring to the UK’s market leaders in key categories including entertainment, high street retail, and dining.

Priority Moments is now O2's biggest marketing initiative and has proven to be one of UK’s fastest-growing loyalty programs. There are now millions of customers on board (tripling since launch), with the highest number of active users of any loyalty program. In-store conversions are up to 85%. 75 Priority Moments offers are viewed every second of every day and five O2 customers redeem a Priority Moments offer each minute.

**Telefonica O2 TweetServe**

The rise of social on mobile means that brands have been given yet another opportunity to engage with customers and increase loyalty. Twitter-based mobile account management service called TweetServe, is one such example.

O2 developed TweetServe, with assistance from IMImobile, to tackle the trend of social media being increasingly used for customer service issues and provide an additional information channel to customers who are becoming progressively social media orientated. In addition, with customer service being a key differentiator in customer loyalty, guiding the correct customer interactions to the correct channel is essential to enhancing customer experience and operational efficiency.
TweetServe is a Twitter based customer service that allows customers to manage and find out information about their mobile account instantly by direct messaging specific hashtags to @O2. Customers can check text, data and minute allowances, their current balance, when their next upgrade is available, offers and control their marketing opt-in.

With a large amount of social media activity occurring via mobile, developing TweetServe was part of O2’s overall campaign to provide a transparent multi-channel customer service via mobile and web. The service takes advantage of a user-friendly channel that customers are already using during their daily lives and strengthens O2’s relationship with their customers increasing loyalty. In addition, because it is a self-serve service TweetServe will help O2 reduce the number of low level calls into customer service centres, freeing up internal resources.

IMImobile based TweetServe on an open API architectural framework, making it easy to integrate the service across multiple systems including apps, web and mobile. This process reduced the complexity of deploying the service and quickened the time to market.

The instantaneous information of TweetServe means customers can be individually identified via their mobile devices creating a pathway for O2 to develop personalised CRM and marketing campaigns which will greatly increase loyalty amongst customers, enhance marketing results and strengthen revenue assurance strategies.
**Telefonica O2 Germany**

O2 Germany launched the ‘Prepaid Überraschung – Aufladen und Gewinnen’ program in August 2010 for prepaid mobile customers in partnership with Lumata.

The program was based on Lumata’s previous experience from other ‘Recharge and Win’ (RAW) implementations – which reward loyalty with prizes redeemed in real time, and in turn increase retention and customer satisfaction - such as ‘Play&Gold’ for Belgacom’s prepaid mobile customers (Proximus) in Belgium in 2010, ‘Ricarica e Vinci’ for Telecom Italia Mobile (TIM) in 2009, and ‘Top-Up surprises’ service offered to O2 prepay mobile users in the UK in 2008.

As part of the program, any prepaid customer recharging €20 and more receiving a code to be redeemed on the special website www.o2.de/ueberraschung. Depending on the amount topped-up, the customer is eligible for different types of prizes: Silver or Gold, and the customer then gets a chance to win the Grand Prize Draw, which for the first campaign is a VIP city trip – three cities in three days.

**LG Ticket Hunter**

This campaign, created by Maido, aimed to help LG reach a younger female audience for its L-series handset campaign. A Twitter-based mobile app called LG Ticket Hunter was created to generate buzz and demonstrate what the LG brand was all about.

25 secret locations were set up, with each location hiding a pair of exclusive VIP tickets for pop-group One Direction at the LG Arena in the UK. A map showed each location where each ticket would be kept. The more people tweeted, the more the map in the mobile app would zoom in, until the location was revealed.

LG used the social channel on mobiles to increase user engagement throughout the campaign. Nearly 60,000 people used the #lgtickethunter hashtag in five days. The site received 40,000 page views in over the course of the campaign and the L-series phone saw a 28% increase in sales over the course of the campaign.
Financial Services

While 60% of people in the UK currently have a smartphone (and 80% in the 16-24 age bracket), only 20% use their smartphones to make payments, according to research published by Vocalink this year. Another recent report by ING found that only 35% of UK internet users bank with their mobile devices – a figure that compares unfavourably with some other European countries such as the Netherlands and Spain, which boast 44% each. The biggest user of mobile banking services in Europe is Turkey, where 49% of internet users report using their phones to bank.

Part of the problem has been retailer reluctance to invest in technology they are uncertain customers will use, combined with deadlock between mobile operators and handset manufacturers over where the security for NFC transactions resides and how the profits should be divided.

This is also one sector that faces to lose the most if it gets its mobile loyalty off beam. Then there is the tough issue of storing highly sensitive consumer data and also audit and compliance challenges that other sectors probably do not face to the same degree.

Visa predicts that by 2020 more than half its transactions will be carried out on a mobile device. The recent flurry of mobile payments activity across Europe means that this is not an overly-optimistic view. In July this year, six Polish banks announced they will collaborate to create a new standard for mobile payments that is expected to reach 70% of banking customers in Poland.

Also, in September this year, Visa Europe and its majority-owned mobile money specialist Monitise signed a deal with IBM in a major mobile banking and mobile payment collaboration targeting Europe’s banks. The plan is to concentrate the abilities of all three companies, making it easier for banks to help consumers on the high street to shop, bank and transfer funds using their mobile phones.

Following are some examples of how finance brands are integrating mobile loyalty into their businesses.
PingIt

Last year, Barclays launched an app called Pingit, which it claimed could mark as a significant watershed in the way people bank. By linking customers’ mobile numbers to their current accounts, the service enables people to send and receive payments between UK accounts, simply by texting another mobile from their smartphone.

In the first six months of the launch of Barclays Pingit, the app led to 742,000 payments with a total value of over £28 million.

The free app’s breadth of services has been expanded since its launch to include mobile payments from NFC tags, mobile checkout for web sites and print ads. It is adding a new mobile checkout feature which can tap into its Buyit app, which allows consumers to purchase goods and services immediately while online, or via QR codes while on the move.

Lloyds micro-business mobile payments

In a joint deal with Monitise, banking group Lloyds is launching an app for micro-businesses which allows traders to use their mobile phones as a point-of-sale terminal, which they can then ring up an order and send a receipt to a customer by text or email. Payments are made by card on a separate portable pin pad, developed by Monitise, which connects to the phone by Bluetooth.

Business customers of Lloyds can also use the app to check outstanding invoices and send reminders to customers that have yet to pay.

According to Lloyds Bank, in the UK there are more than 3.5m sole traders who do not have access to existing mobile payments technology.
**La Caixa + Santander + Telefónica**

Spanish banks La Caixa and Santander recently partnered with telecoms firm Telefónica to create a joint venture offering mobile payment services and a digital wallet.

Users of the new service will be able to gather all their credit cards into the new digital wallet; they will also be able to send and receive funds via their mobile phone. Bank account details will not be necessary, and the only thing that the customer will need is the recipient’s phone number.

The essential idea behind the scheme is to combine mobile and banking technology to help boost sales for retailers by easing the connection between merchants and consumers through offers, discounts and promotions on a mobile device.

This is the first alliance in Europe between financial institutions and telecom operators to innovate jointly in the creation of new mobile and digital services.

**Hello Bank**

Tipped to be Europe’s first full-service dedicated mobile bank, Hello Bank has been launched by French bank BNP Paribas to capitalise on the growing demand for mobile banking services. The bank has launched in Germany and Belgium; the roll out in France and Italy will follow later in 2013. It aims to have 1.4m customers by 2017. (France has the second highest penetration rate of online bank usage in Europe – 60% of internet users visit an online bank – after the Netherlands, according to ComScore).

Most other mobile banking services, as we know it, are either payments-based or are simply transactional interactions that have moved from the internet to mobiles and tablets. Hello Bank, however, aims to be first “full-range” bank available on mobiles – offering the full product range available in branches.
Travel

The travel industry has historically measured loyalty performance by traditional metrics such as member sign up, miles or points accrued, frequency of airline and hotel brand used, and the positive or negative comments on paper or online survey. What mobile has done is introduce this sector to a channel which allows them to follow their customers throughout every stage of their loyalty experience, and therefore assessing and rewarding incremental behaviour.

While a ‘click-in-the-call’ function in a mobile site or app that could drive business direct to the call centres might be a scenario we are yet to experience, following examples provide an insight into how the industry is exploring customer loyalty over mobile.

**EasyJet app**

A late entrant to the mobile market, EasyJet has publicly stated that it is planning to put mobile at the centre of its growth strategy as about 4% of its total revenues are generated through mobile loyalty schemes.

Its app includes a flight-trackers, which enables travellers to check departure and arrival times on their phones, and a new mobile departure control application, which also lets scan boarding passes.

These mobile boarding passes, once checked in are stored off-line to ensure customers who don’t have wi-fi connections do not incur expensive roaming charges. The app is also connected with Apple’s Passbook which allows all boarding passes to be accessed from one place.

The EasyJet app was first launched in 2010, and has been downloaded by more than 4.5 million people since.

**InterContinental Hotel Group Priority Club**

IHG’s mobile strategy focuses on connecting with guests at all touch points throughout their travel planning and stay experience. Its Priority Club Rewards app provides consumers with easy-to-use functionality to find and book hotel rooms, check rates, and the flexibility to manage their reservations and view member details.
Through other mobile solutions, such as apps for all seven IHG hotel brands on iPhone, consumers can now access redeemable offers available at the hotel where they are staying.

IHG recently revealed that traffic on the mobile websites has increased 90% year-on-year. On the app side of its strategy, IHG has launched products for iPhone and Android devices. The Android app in particular has seen downloads increase 400% during August last year, with revenue coming directly from app usage increasing by 350% over the same period.

**Lastminute “In-Trip” mobile experience**

Travel and leisure company Lastminute.com is attempting to unlock deeper relationships by creating what it calls “in-trip” experiences via mobile. Though not many details are available for this yet-to-be-launched initiative, the company says that it is trying to unlock deeper relationships with its customers through mobile technology.

It is also in discussions with select hotels and airline partners over what opportunities can be created for its customers over mobile devices.

**MyThompson app**

TUI Travel, the parent company of Thomson introduced the MyThompson app this summer– to act as a ‘one-stop-shop’ for all the information that Thomson customers need at their fingertips, on their mobile devices, once they have booked their holiday.

The app includes flight information, maps to help customers play their journeys, destination guides, weather updates and link to Facebook and Twitter so that friends and family can stay in touch.

The app will later be rolled out to other TUI Travel brands across Europe.

In September, it announced a deal with Western Union which allows customers in some countries to send money to a recipient’s mobile wallet.
FMCG

There is anecdotal evidence that in Europe, just like in the rest of the world, FMCG brands are moving slower than other categories when it comes to leveraging mobile loyalty to establish a direct relationship with its consumers. A recent US study from L2 found that of 75 personal care brands such as Pampers, Gillette, Neutrogena and Old Spice, only 20% had a mobile app. Also, the majority of these branded apps are more used for one-off campaigns versus loyalty-based campaigns.

However, the following examples demonstrate how some consumer goods brands have successfully amplified their relationship with their customers through mobile and differentiated their products and therefore, built mobile loyalty.

Barilla ‘Amici Del Mulino’

The Italian food company Barilla wanted to create a digital loyalty platform for its Mulino Bianco snack brand, in an attempt to create a long-lasting relationship path with its customers.

The digital loyalty programme, developed by Advice Group, leads the brand’s consumer on to a website www.amicidelmulino.it and encourages the consumer to type in the unique code embedded in the Mulino Bianco packs. This then engages the consumer in several activities including web and mobile games allowing for customised missions and actions to be performed and rewards.

The programme allows Advice Group to analyse real-time consumer behaviour, cross-referencing digital attitudes and purchase habits, in order to offer customers with personalised dedicated content.

Since the launch of this digital loyalty programme earlier this year, 70% of consumers have entered the product code on the website and more than 72% of cross-media contents have been enjoyed with a 12-minute average visit duration.
Procter & Gamble and Mall.cz

FMCG giant P&G collaborated with the biggest online store in Czech Republic, Mall.Cz to set up virtual stores in four of the busiest subway stations in Prague, where busy commuters can purchase essentials such as razors, nappies and shampoo via their mobile phones.

Consumers capture QR codes for the items they want to purchase, and the orders are submitted to Mall.Cz. Consumers then receive a text message to confirm a delivery time.

Apple iOS and Android phone users can download a free application for ordering, while other phones require a QR code scanner.

Danone QR codes

Danone yogurt is linking QR codes with its loyalty program in Spain, enabling customers to scan the 2D bar code appearing on its products with their smartphones as a way to earn points.

Each Danone pack will feature a unique code allowing consumers to earn discount coupons. Danone has also launched its first multiplatform mobile application so that users can quickly and easily scan the QR codes. It has been downloaded more than 30,000 times in the first three weeks.

The mobile loyalty scheme has been launched to better understand customers’ consumption patterns and offer them better and more segmented promotions.

Mobile technology is playing a key role in Spain, which has the second-highest smartphone penetration level in Europe. Danone has been reported to say that the effort is one of the biggest 2D unique codes project in Europe, with 60 million unique codes being generated each month. By scanning the QR codes, users will connect to Danone’s four-year-old Alimenta Sonrisas loyalty program, which has two million registered users.
The World of Red Bull

Last year, Red Bull gave adventure enthusiasts a way to keep up-to-date on their favourite sports with a new mobile app. The World of Red Bull app aggregated Red Bull Media House’s content into one place, which can be personalised on the type of content that users most frequently use.

Users can access information about their favourite Red Bull athletes, including news and social media feeds. Athlete information can then be shared and saved as a user’s favourite.

Additionally, the app includes location-based features and users can then find content and events based on a location.

Red Bull is heavily branded inside the app, meaning that the energy drink brand stays top of mind while consumers browse content.

Red Bull’s sporting events in particular have a strong following. Therefore, bundling content into an app makes sense for Red Bull to target its loyal core group of adventure enthusiasts and deliver the content where they are – which is, largely, on mobile.
The mobile is transforming the customer journey and the customer experience. The intimacy that the mobile offers when forming a relationship between a brand and a customer means that the device also allows for data gathering to an extent that was not possible before.

To analyse this data as a means of understanding customers and gathering insight to help create tailored messages and offers requires marketers to explore new and standardised metrics.

- Mobile loyalty programmes are measured in terms of costs, clicks, conversion rates, churn, recommendations and acquisition, and revenue generated
- Customer information is measured using various metrics including demographics, lifestyle profiles, NPS (net promoter score) and lifetime value
- Customer behaviour is determined by assessing purchases, online activity, and all other touch-points/interactions that a customer makes with a brand or a service (customer history with a brand)

What is most important to marketers is to define the target of their mobile loyalty programmes and also its aims, to evolve an effective model to measure these programmes. And as marketers continue to get better at accessing and interpreting greater amounts of data and insight, there will be further variables to consider.

**ROI**

Customer loyalty maths can be messy, and there is no one single formula to calculate how to get the right number as it depends on fluctuating like discounts.

Still, one of the biggest challenges with implementing customer-centric strategies is that most of the financial benefits are long term. However most business metrics and indeed financial goals are focussed on the current period.
It can be argued that if it is the ROI of customer experience that needs to be measured then the following need to be considered:

How likely is the customer likely to recommend the company or the service?

How likely is the customer to shift some of his business away from the company in the future?

In terms of consumer experience, to what extent is the customer able to accomplish what he wants to do?

What is the ease of access for the customer to interact with the company or the service?

How does a customer feel about those interactions?

**Churn Model**

For some, determining the customer lifetime value can be a daunting exercise. But churn is a little easier to fathom. In very simple terms, it is the number of customers you acquire versus the ones you have that are asking out the door.

However many businesses lack the tools to measure churn rate. The rate of churn is a definite measure to assess if your customers are sticking with you or not. As part of your mobile retention strategy this is an important factor.

Churn is a key metric because it captures failure, and allows to understand the root causes of failure and implement changes or actions within the business.

**NPS (Net Promoter Score)**

Once the holy grail of loyalty measurement, NPS is a long way from grandstanding that once accompanied this word-of-mouth metrics that is said to predict growth. Naysayers are criticising NPS as being too simple, too narrow and no better than other measures of satisfaction or advocacy. However the industry is yet to come up with a better alternative that is as easy to executive and remains an effective measure to measure customer loyalty. NPS maps the probability of a customer recommending a brand or a company.
**User Acquisition Cost**

This metric is easy to measure, as it shows exactly how much money you are spending to get one mobile customer.

It also allows companies to split this by channel, to provide direct costs of acquiring a customer from each of the channels the company focuses on.

**Transactional Penetration**

Building customer loyalty requires that businesses know their customers. Therefore to the customer loyalty to work, the starting point has to be to gather knowledge at the transactional level, which includes information from engagements, contracts, customers and competitors. This knowledge about customer interactions and the transaction history is stored in the CRM systems. The key metrics include win/loss rates; transaction frequency; transaction value; and the competitive view. The next phase will be to analyse and leverage this transactional information.

**From ROI to ROR (return on relationship)**

The new paradigm of loyalty programme will be measured on ROR – how much the brand has established a long-lasting and direct relationship with its customers, the level of trust gained and new metrics such as the number of past users who follow the brand in each new loyalty initiative, after being reached by one-to-one mobile communications and incentives.
Barriers To Adoption

Complex loyalty eco-system

The value chain in the mobile loyalty ecosystem includes network providers, handset brands and the operating systems. It becomes ever more complex because there are an increasing number of stakeholders -- media owners, developers, mobile ad networks, search engines, agencies and most importantly, brands – who are all willing to invest into the mobile loyalty landscape.

This in turn means that the market is characterised by a dizzying number of technologies and loyalty offerings over mobile that sometimes could overwhelm the customer.

Technology

Mobile technology is making possible the constantly connected consumer, but it is also this technology that is baffling marketers. For instance there are over 100 different mobile devices in the market to choose from, and an array of operating systems on those phones.

For instance, NFC payment systems are expensive to roll out. They require hardware, software and an infrastructure of participating telecom operators, as the secure payment details are secured on the SIM card on the mobile phones.

When it comes to retailers, the real barrier will be the in-store hardware necessary to make it work. Connecting handsets with EPOS systems and payment technologies is no small challenge but it’s one that not all supermarkets have been clamouring to make happen.
Costs

Mobile CRM programmes have a bad reputation for being tedious to implement, over-reliant on expensive technology and a chore to use.

However mobile loyalty programmes come in many shapes and sizes, depending on the kind of customer behaviour (walk-in-traffic, recommendations, subscriptions etc) a business wants to encourage. From text messages to apps, mobile loyalty programmes can allow marketers to see the behaviour of their customers and also monitor and review the effectiveness of every single campaign.

CRM data consolidation

One of the greatest challenges when implementing mobile CRM solutions into a brand’s existing CRM system, is the consolidation of all of that data in order for the customer to have a seamless experience and interaction with the brand.

Data Privacy and Trust

As retailers endeavour to adopt multichannel customer interaction strategies, new research into British consumer behaviour and attitudes towards mobile interactions reveals that “trust” is the biggest barrier to the adoption of mobile retail and payment services. Only 30% of British consumers trust major retailers to keep their personal information safe (IPSOS Mori).

Nearly half (45%) of UK consumers are willing to accept branded communications via mobile if delivered according to their opt-in terms (Velti research). The survey, however also found that consumers will only sign up to communications from three companies on average, making it difficult for brands to take advantage of developing mobile loyalty programmes on a wide-scale.
Conclusion

Building a successful mobile strategy is an imperative for businesses wanting to build customer loyalty and improve efficiency. However as this paper proves, the creation of a winning mobile loyalty scheme or a mobile CRM programme is about much more than just technology.

And as mobile technology rapidly changes the face of commerce, marketers have to keep up with the growing needs of their customers and use the mobile channel effectively – to engage with their customers, entertain them, discover what they want and are willing to pay for, and inform and influence them at the point of decision.

With no other channel providing the immediacy or customer intimacy, it will therefore be no exaggeration to state that loyalty is one of the biggest sweet spots for mobile. Challenges however remain in the fast-changing technology-led mobile industry. Whether it is the installation of different technologies or changing point-of-sale equipment to standardise mobile payment solutions—it all comes at a cost. And how to measure the best technologies or the most efficient platforms to use.

But what is certain is the fact that for as long as the mobile consumer remains connected, the mobile channel will provide vast opportunities for businesses to build loyalty with their customers.