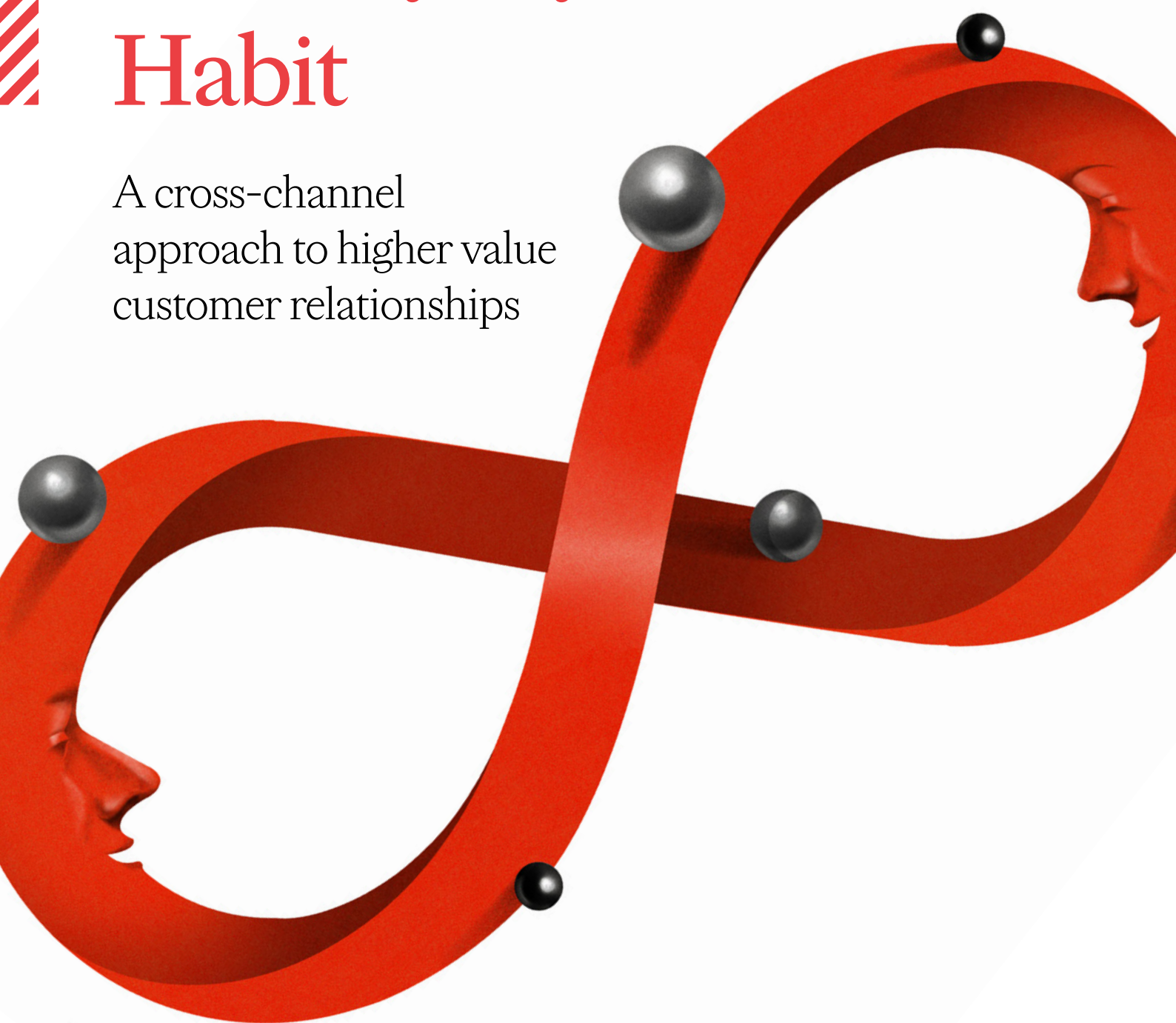


The Loyalty Habit

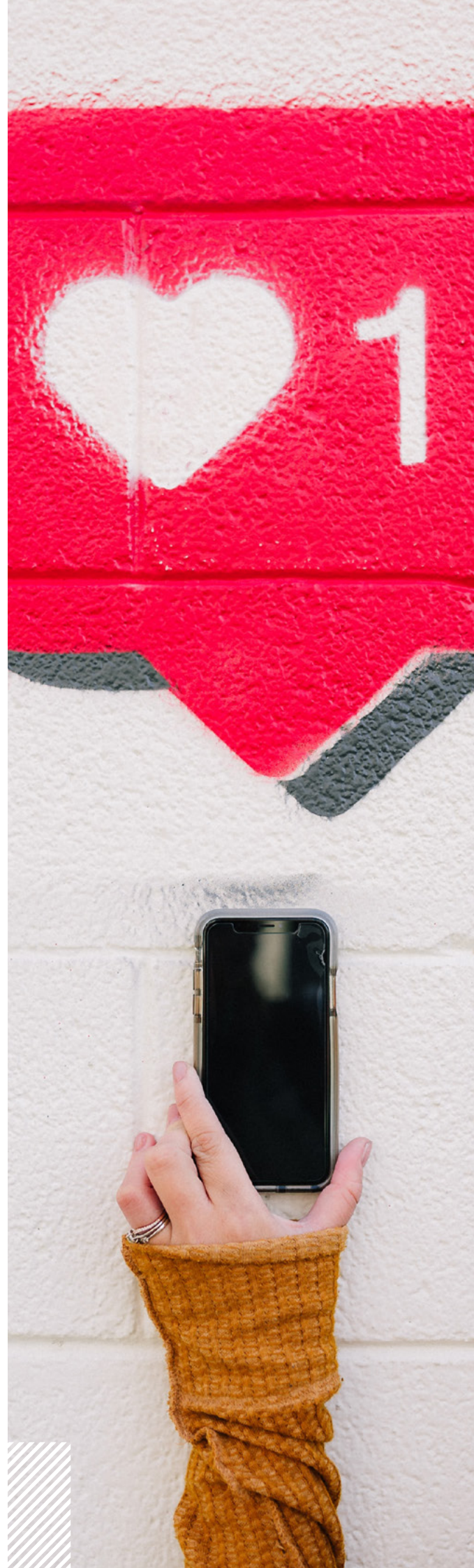
A cross-channel
approach to higher value
customer relationships



From social media to apps to connected TVs, customers have more opportunity to engage with brands than ever before. But this engagement does not always live up to its potential, especially when brands rely entirely on promotions to support user relationships.

Marketers should strive to influence user habits, not just offer discounts. What if most of your customers shared the habits of your **best** customers? With today's marketing technologies, we can identify patterns of consumption, test out if they can be recreated, and trigger behavior change in very targeted and effective ways.

With the right data and technology, we can shift customer behavior to more loyalty-forming habits that benefit the business in the longer term. But to unlock these opportunities, brands need to prioritize a unified cross-channel customer engagement strategy.



“The principle of CRM is segmenting your audience and then personalizing different messages to different people,” says Jeremy Webb, Vice President of Customer Experience at Ogilvy Southeast Asia. *“Because of data and technology, for the first time we can now do this through the entire funnel. We can stretch the definition to achieve more.”*

Just look at how much value fashion retailer [Pomelo](#) has been able to generate. The company used its best-in-class tech stack to build out a real-time, personalized referral program that boosted conversions by 300%, significantly advancing their customer engagement goals.

Many brands prefer to focus primarily on customer acquisition. But with rising costs on big platforms like Facebook, Google, Amazon, and Snapchat, reaching new customers online is only going to get more expensive, and brands that take this approach will likely struggle to ensure greater returns. For example, when [Apple rolled out its iOS 14.5 update](#) this April, new features made it more difficult to track users, which in turn caused the average price per ad on Facebook to skyrocket 47 percent year-over-year in the second quarter of 2021!¹ iOS 15 is even more restrictive when it comes to user privacy, raising the prospect that additional impacts in this area could be yet to come.



¹ <https://www.businessinsider.com/facebook-google-amazon-advertising-break-down-ad-prices-2021-7>
<https://www.businessinsider.com/apple-ios-145-privacy-changes-spark-low-opt-in-rates-and-falling-ad-prices-2021-5>

“There’s nothing wrong with customer acquisition, it’s a key tool to grow your business,” says Chye Yien, Business Consultant at Braze. *“But there are a lot of costs associated with activation. If you want to make money and sustain it, then it’s about looking at the value you are getting out of new users, and that’s about customer engagement.”*

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We should stop thinking that growth is one thing and retention is another,” says Kenneth Soo, Regional Lead of Customer Success APAC at Braze. “Our channels should be working hand in hand rather than in silos.”

With the increasing cost of digital advertising, numerous new touchpoints, and a shift to digital catalyzed by the pandemic, now is the right time to reconsider your customer engagement strategy. The pandemic has disrupted old habits and customers are creating new ones online. 71 percent of users (first-time and regular) plan to continue using digital channels to the same extent or more after the pandemic, according to McKinsey.²

“As soon as people migrate to digital, there are opportunities to enrich your data, make product marketing more precise, and align media budgets to new buying behavior,” says Waheed Bidiwale, Global Vice President of Strategy and Consulting at Verticurl. *“This trend will continue to accelerate, so this is the time to get serious and update your strategy to align with the new reality.”*

Here is how customer engagement can be the key to unlocking the loyalty habit with your customers.

² <https://www.mckinsey.com/featured-insights/asia-pacific/five-areas-of-growth-for-digital-marketing-in-asean>

1. Start With High Value Actions

Successful customer engagement strategies begin with identifying the high-value actions (HVAs) that drive business success. HVAs are simply the key customer behaviors that directly lead to positive business results. For most companies, successfully nudging customers to carry out a small number of HVAs while interacting with your brand can have a disproportionately positive impact.

“In general, once a user completes a high-value action, they have a much stronger likelihood of driving higher value for your brand, compared to a user who hasn’t carried out that action,” says Soo.



Consider retailers and quick service restaurants, for instance. A customer of one of these businesses that chooses to buy online and then pick up their purchase in store is more likely to have a higher lifetime value and higher average order value³. In the media and entertainment space, a key example of a high-value action is wish-listing. Customers with even one item on their wish list are 70% more likely to come back the following month than those without.⁴ The question then becomes: What are the actions your best customers perform that contribute to your bottom line, and how do you get more of that from more customers? Knowing what actions create the most value for your brand will help you build the right habits among your customers.

“Brands should identify one or two or three use cases that would really grow the business or reduce costs and go from there,” says Jeremy. *“What’s the minimum data we need to support those use cases? Then we figure out where to get that data.”* High-value actions will also provide the right matrix for evaluating customer engagement and to track performance indicators that really matter.

“You might be looking at your email open rate to measure success, but maybe that metric doesn’t contribute to the bottom line,” says Chye. *“It’s easy to get excited about indicators that ultimately don’t help the business. What you really need to look at is HVAs.”*

⁴ Braze data

⁵ Braze data



2. Find Relevant Moments

Once you have identified the high-value actions that drive business results for your brand, figure out how these behaviors create value for your customers. When and in what context does it make sense for people to behave this way? The better you understand your customers in that specific moment, the more effective your customer engagement will be.

Fortunately, artificial intelligence (AI) and predictive analysis algorithms can help us track when, where, and with whom offers are most likely to succeed. What is more, AI-driven customer engagement enables brands to act upon a wide variety of micro-moments, or relevant moments for smaller segments targeted with more precise triggers.

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“Timing makes all the difference with personalized offers,” says Bidiwale.

“We can use AI-based modeling on large swathes of data to come up with trends and patterns and deliver campaigns right at the moment each customer is most likely to engage. The data is essentially telling you what works.”



At relevant moments, offering value is about more than giving customers a good deal. Brands can make life easier or more exciting, providing the right emotional reward in consideration of what is going on in people's lives the moment you engage with them. That can be more effective, and more beneficial to your bottom line in the long run.

"As a customer, I only care about what's interesting and valuable," says Chye. "That could be utility, or a better way of experiencing the product, or making my life easier. It depends on the product and user, but brands should be customer-centric."

"Brands that lean heavily on incentives are sinking a cost into the customer at the start," says Kenneth. "We are trying to move away from incentives and decondition customers. They may have propensity to perform high-value actions if the right incentive is shown their way."

People are already saturated with offers, and part of picking the right moment is measuring the relevant frequency. *"Typical users are getting several notifications a day from several marketplaces and that's a lot of messages,"* says Kenneth. *"We want to be respectful of our customers and make sure they don't feel like they are getting spammed."*



For brands in Southeast Asia, the challenge of finding the right moments to engage is compounded by the fragmentation of customer segments and user journeys. There is a rich diversity that needs to be taken into account. At the same time, this region presents great conditions for successful customer engagement and data collection. Southeast Asia has a large ‘leapfrog’ generation that skipped computers and went right to mobile as their primary device. Mobile-first markets are ideal for measuring the relevancy of engagement, as mobile devices provide marketers with a lot more data about the user and more opportunities to personalize.

“Almost everyone in the middle class owns a smartphone,” says Bidiwale. “What that means is you have location data, you have unique device IDs, a richness of data coming through one device. From a brand perspective, this is a quantum change in terms of shaping your strategy for activation.”

As an example of relevant moments in action, Jakarta-based online grocery delivery platform [HappyFresh](#) needed quickly to solve new ordering problems brought on by COVID-19. So many users turned to online grocery ordering that delivery slots were running out faster than people could check out, leading customers to abandon orders without completing them. To address the problem, the product team identified relevant moments when the most customers dropped off due to unavailability of delivery slots and created an in-app message to inform users of the situation and give them the choice to opt in for updates. This engagement led to 33% purchase rates. Even better? The entire process only took two days to set up.

3. Freedom For Creative Experimentation

Customer engagement is a tool for generating data as much as it is the means for acting upon insights. We need data to learn from, and that means experimenting with engagement to figure out what works. *“The premise of high value action is built on hypotheses and experimentation,”* says Chye. *“You have to experiment with frequency and intensity, you iterate and constantly test.”*

In the past, marketers could not reliably attribute customer behavior to the right trigger, making effective experimentation difficult. Today, tracking attribution is possible, and marketers can gather much more data about the cause-and-effect relationships between brand engagement and customer actions.

“Historically, the biggest challenge is that we knew half of advertising works, but we don’t know which half,” says Bidiwale. *“Now when a specific post on Instagram drives exceptional results, we have the attribution technology to understand which touch points are really driving that conversion and make sure we are allocating our media budget in proportion.”*

Even with the right measurement tools, getting a precise understanding of user engagement requires brands to begin with an open mind and more experimental approach. We need permission to do the unexpected, explore the possibilities, and learn from experience what works best.



Fortunately, with segmented customer engagement, brands can experiment with lower risk and at a smaller scale. A/B testing is now very easy and simple to execute, making it feasible for brands to conduct all kinds of creative experiments.

“Today you have the option of doing experiments on a regular basis,” says Bidiwale. “You can always be experimenting, always be testing, without having to invest a lot of money doing it.”

For example, Australian ride-sharing brand [Car Next Door](#) wanted to figure out how to get their drivers to create complete profiles and make their listings more appealing to customers. Experimenting with the onboarding journey and triggers such as earning badges, the company was able to double conversions from listed cars to complete profiles.

“We’ve found that we can design, execute and manage hundreds of marketing tests and transactional campaigns, with a small team of three people,” says Kate Trumbull, Head of Communications and Corporate Affairs at Car Next Door.

Beyond generating data, creative experimentation is necessary for customer engagement that cuts through the clutter. Customer fatigue with traditional incentives is a real challenge, and engagement can lead to indifference unless brands also surprise and delight.



“We have seen that customers can become immune to standard promotions,” says Chye. “They are expecting a 5% discount. We do see brands getting more creative about it, understanding what segments actually need, doing it differently, using language customers actually like to drive the right response.”

For example, KFC Australia found success with a loyalty program that looked nothing like a loyalty program. The brand offered what appeared to users to be randomized prizes like access to secret menus, that were in fact highly-tailored offers to encourage specific loyalty behaviors. This kept users coming back to the brand app to discover what surprises might come their way next, disrupting the predictability of standard loyalty programs.

4. A Cross-Functional Approach

We have the technology to collect and analyze remarkable quantities of data and respond with precisely targeted engagement personalized to multiple user segments. To make the most of this potential, brands should consider an engagement strategy and organizational model that allows all that data to be shared and for engagement to be orchestrated consistently across the entire user journey. Successful customer engagement demands a cross-channel approach, as well as an organizational strategy that goes from acquisition to conversion to loyalty.

“Your data strategy, marketing technology, and operating model all need to align,” says Bidiwale. *“Most brands have become aware that there is a need for a change, but are not yet changing to adapt.”*

A cross-functional approach begins with reconfiguring your data tools and ensuring that teams working along different aspects of the user experience have access to the same data and can make decisions based on the same information. With new real-time data collection tools, it is now feasible to attribute data from across the journey to the same customer and make that profile accessible to multiple teams.

“We have the tools to build precise audiences based on live-updating data,” says Soo.

“Brands need to enact a single customer view, or a cohesive customer data set collected across touchpoints that all teams have access to.”

Next, you should reconfigure your marketing technology for cross-channel experiences. Depending on the user, different touch points need to be personalized in different ways along the journey, and if they are not integrated it can lead to moments of frustration instead of moments of relevance.

“Imagine if you have one team on SMS and another team for email,” says Chye. “If I am the customer, I don’t care, I want the company to make me the offer that makes sense for me in the right channel. Brands need something that allows you to easily move across different channels, capture signals, and react to intent in a very timely manner.”

Finally, you should reconfigure your operating model to align with this cross-functional way of working. Often customer acquisition and customer retention teams operate in silos. To optimize results and to provide the optimum customer experience, these teams should be collaborating and working with the same tool set. *“Most successful businesses today focus on cross-team collaboration and make a concerted effort to break down silos,”* says Chye.

It can be difficult to achieve, but a cross-channel approach opens lots of possibilities that can increase your brand value and competitive edge. *“Reconsider how you measure returns on your operational investment,”* says Chye. *“For instance, if you can get a cross-channel program running in two-to-four weeks versus two years, that should actually go to your return on investment as well. There’s an opportunity cost if the competition catches up to you.”*





As an example, tiket.com, an Indonesian online travel agency, was able to triple their revenue by implementing a cross-channel onboarding experience. They knew that app and web users have different experiences, so they designed two unique onboarding flows to ensure that they were catering effectively to users on the web and within their app.

Following the initial targeted interactions welcoming new users, tiket.com continued to personalize their interactions based on where each user was in their customer lifecycle via email, in-app messages, in-browser messages, and mobile push notifications. Just this one change led to great business results.

The Loyalty Habit

Ultimately, brand loyalty is about brand value, a total promise much larger than any one aspect of the brand experience. Too often we think of customer engagement as a collection of short-term tactics, which is a shame because responding to shifting customer habits can provide huge value to brands that get it right.

“Brand building is still absolutely important, and this is not about choosing either brand building or engagement,” says Bidiwale.

“Instead of having one catch all campaign, we are looking to communicate to specific audiences. It’s about being more precise, more targeted.”

Global brands can be built on habit transcending culture to become ritual. Why not approach customer engagement with the same big picture perspective?

Brands need to be searching for their opportunities to create equally meaningful brand experiences, experimenting with cross-channel engagement to find the ‘a-ha’ moments that unlock loyalty, brand value, and business results.



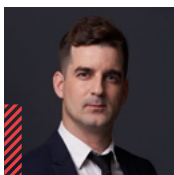
To learn **how your business can better engage your customers with high value actions**, please contact:



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