



## Have Loyalty Reward Programs Become Too Complicated and Invasive?

*Spoiler Alert: Yes.*

By Ray Clopton, CEO and President of Wilbur

Gone are the days of loyalty punch cards. Rewards programs today are increasingly complicated due to advances in technology.

These developments have enabled marketers to collect and use increasingly granular personal information on customers, in an effort to offer them more personalized rewards.

While this sounds positive for marketers and customers alike, the reality is much muddier.

Marketers are not always using the data they collect effectively, research shows, and customers aren't as eager to jump into an intimate relationship with companies as companies are to know everything about them—or their data, anyway.

In fact, a recent survey from Oracle found only 32 percent of customers believe reward offers they receive are relevant, highlighting why a request for personal information followed by irrelevant offers could prove fatal for even big, seemingly unsinkable brands.

In other words, if loyalty programs today are not as appealing and painless as possible—and don't spin gold out of their request for consumers' private data—then companies risk severely damaging the trust those consumers have in their brands rather than building loyalty.

### **What Customers Want in a Loyalty Program**

According to a recent survey by Accenture, 71 percent of people say modern loyalty programs do not actually create loyalty.

Why?

First of all, let's be honest: Asking too many personal questions never really improves trust or gives customers a warm, fuzzy feeling about your brand.

Research and experience from the past two decades have shown customers want rewards programs that are easy to join and easy to use. That's obvious. But it also shows customers don't want to carry around another card or download another app.

In addition, they want rewards programs with a clear structure they can understand effortlessly—without any tricks or expiring rewards. If employees can explain a loyalty program in two sentences or less and customers can understand it within 30 seconds, it's a winner. If not, marketers need to go back to the drawing board.

### **The Risks of Big Data**

Research also shows customers are growing increasingly skeptical of sharing their personal data with brands.

According to a recent CrowdTwist study, only 50 percent of Millennial and GenZ consumers are willing to share their data in exchange for a personalized experience. This is down almost 50 percent from last year, when 98 percent of Millennial and Gen Z consumers said they were willing to share their personal information.

Tracking customers' spending habits doesn't exactly improve their opinion of a brand either. Most customers don't even value emails they were not expecting to receive—let alone data-driven offers that make them feel spied on. #creepy

Given that data mismanagement and poorly executed personalization has left consumers skeptical of big data-driven loyalty programs, any personal data marketers now collect from consumers must result in truly outstanding, spectacularly customized offers.

For this reason, loyalty and rewards programs today must do one of two things: 1) protect consumers (and the brand) by not collecting personal data in the first place or 2) do much more than ask customers to hand over a bunch of their personal information for a vague promise of “points”—especially in a day and age where data privacy and data mismanagement are such hot, controversial topics.

### **A Middle-Way Solution to Loyalty**

Small businesses don't need to go back to the days of punch cards either. There is a middle-way solution that doesn't return to the retro ages of box top programs or require customers to use data-tracking apps.

Mobile-based rewards programs are a great option for small and large businesses alike.

These text-to-join platforms just ask for a customer's first name and only text them with reward updates. Turnkey solutions like [Wilbur](#), for example, feel modern and “with the times” without being invasive, and only send text messages to customers when they earn or redeem rewards, so the message read rates are very high and customers never feel spammed or creeped out.

Given that only 25 percent of Americans now trust big business, according to [a recent Gallup poll](#)—compared with 67 percent who still have a great deal of trust in small business—it's clear small businesses should not follow in the footsteps of big businesses who chase after big data. Instead, they should get back to the basics of building customer trust (to build their business and brand loyalty) by providing real value and rewards to those they are in business to serve.

By employing simple loyalty rewards programs that are easy to use, don't ask too many personal questions, provide relevant rewards, and only send promotional messages with information customers want, any brand can build loyalty that lasts.

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