

Use data instead of loyalty schemes to boost brand loyalty urges Pareto Global Associates

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[Pareto Global Associates](#) urges businesses to utilise customer data in order to provide customers with what they want, instead of implementing out-of-date loyalty schemes that customers don't value.

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With brand loyalty continuing to fall as consumers have more and more choice, companies are continuously seeking innovative ways to win back and retain customers. According to recent research showing points-based methods of driving transactions are becoming less effective, and so customer acquisition specialists Pareto Global Associates, believes brands need to start using data, instead of loyalty schemes to ensure customers feel valued. In their experience, a valued customer is a loyal one.

Building lasting customer relationships is vital for companies to maintain a strong market share, however it has never been particularly easy as competition continues to rise. As new digital brands enter the markets, competition is becoming fierce and control is increasingly shifting back to consumers, making it harder than ever for brands to maintain loyalty.

A recent Forrester report by analyst Emily Collins revealed that points-based systems are no longer relevant in customer retention because they focus too heavily on driving transactions rather than perceptions, habits and customer experience.

Pareto Global Associates recognise the importance of customer experience. The [outsourced sales and marketing specialists](#), go above and beyond to create an outstanding customer experience. They provide on-going first class customer training for their representatives to ensure they are able to provide the best experience and generate both quality and quantity results.

Brands that attempt to 'buy' customers through loyalty schemes with quick gimmicks and points-building schemes are becoming transparent. Instead, smart businesses are now beginning to recognise the value of data. Analysing consumer behaviour allows companies to personalise and create tailor-made communication that will keep customers fully engaged and prevent them from switching to a competitor.

In a Marketing Week article Emily Collins, Analyst at Forrester argues: "Today's empowered customers are fickle and in control. They are always switched on, have access to more choices and can switch to other brands on demand with little consequence. Essentially, they have fewer reasons to be loyal than ever before. Many firms try to work around this by using loyalty programmes, but traditional strategies fail to address the rational and emotional complexities of customer loyalty."

It is because of these changes in consumer behaviour that brands need to evolve how they approach loyalty, the new strategy should be to drive more meaningful and lasting relationships.

An example of a company that has got it right is online bank First Direct. They are often singled out for their highly personable customer service, one of their biggest advantages over competitors being that they are open 24 hours a day, seven days a week.

"It is about having a loyal base of customers rather than using incentives to drive what is probably the wrong behaviour," says Karen Walker. "We listen to our customers and treat them as individuals."

First Direct also puts customer service at the top of the agenda by hosting a monthly forum internally called the 'voice of the customer'. It brings together all the insights it has gained from feedback, as well as analysing the results of a weekly survey of randomly selected customers.

First Direct offer new customers a £100 bonus if they choose to switch their current account, but also pledges to give customers another £100 if they aren't completely satisfied with the service they receive from First Direct and choose to leave. Proof of how well the system is working is in the figures, just 0.01% of customers actually take them up on this satisfaction guarantee.

Aimia's Loyalty Lens research found that just 5% of people stay with their bank because they believe it understands their needs, only 11% believe communication from their bank is relevant, and just 6% because they are being rewarded for their loyalty.

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In addition to offering Priority, mobile provider O2 has focused on building relationships with customers, based on the interactions they have with the brand. The firm has been working with VCCP's customer engagement arm VCCPme to create a cohesive customer service experience in every channel, meaning customers have a fluid and informed conversation, no matter how they choose to get in touch with the brand.

O2 combined real-time customer data with its Vision tool, allowing them to provide personalised customer interactions, and offers that in turn helped the firm to better understand their customers and service their needs more accurately. Using this data, 31% of all contacts were served with an offer, and of those 69% were accepted. Over a 12 month term, as a result of the move, O2 generated £187m in incremental revenue from the products and services promoted.

Marketing Director of Lakeland, Tony Preedy, agrees that brands today need to have loyalty built into their DNA rather than simply relying on more traditional points-based offers. He says "Ultimately happy customers come back and they are essential for the long-term health of the business. We think that service proposition is more important than a transactional loyalty scheme."

At Pareto Global Associates they carefully plan the right marketing campaign for each individual clients' needs, conducting extensive market research and identifying the brand's USP and their target market. The firm uses in-person promotions as they believe this is the most effective way of engaging customers. Rather than being limited to words on a billboard or seconds in a media advertisement, their brand representatives are able to talk to customers face-to-face, and conversations create a lasting impression. Their direct and personalised approach allows their representatives to meet with customers directly, build relationships, handle any queries, instil consumer confidence and in turn build brand loyalty.

Pareto Global Associates is an outsourced sales and marketing firm based in Liverpool. The firm specialises in running direct marketing campaigns that involve connecting with consumers via face-to-face interactions.

SOURCE

<http://www.marketingweek.com/2015/05/07/dont-start-a-loyalty-scheme-be-a-loyalty-brand/>

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