

A New Kind of Loyalty

How to build emotional loyalty
and drive revenue growth

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A group of people are sitting on a dark grey bench. From left to right: a person in a blue and white striped long-sleeve shirt and dark blue pants is holding a tablet; a person in a yellow and black patterned top and blue jeans is holding a smartphone; a person in a brown leather bag and blue jeans is holding a smartphone; and a person in a light blue shirt and blue jeans is holding a smartphone. In the foreground, several shopping bags are visible: a white bag, a brown paper bag, a yellow paper bag, and a black and white striped bag. The text "How long have we been loyal?" is overlaid in large white font at the bottom of the image.

**How long have
we been loyal?**

Today, building loyalty is about creating memorable experiences and building a base of brand advocates, not just increasing transactions.

For more than 300 years, shop owners and marketers have been experimenting with methods to drive customer loyalty. From redeeming tokens and stamps to collecting box tops and punch cards, loyalty programs were (and still can be) a way to move customers along the buyer's journey and retain them. After all, it pays to have loyal fans, as they often spend more and provide free advertising as they spread the word to friends and colleagues.

But with a world of choices now at their fingertips, consumers are no longer confined to the limited selection that's available at their neighborhood store. They can buy whatever they want, whenever they want it at a competitive price by shopping around the internet.

But the digital age calls for a new kind of loyalty — one that goes beyond reward cards and frequent flyer miles. Building genuine, lasting relationships requires a deeper connection between brands and customers: an advanced state of loyalty called emotional loyalty.

In this ebook, we'll examine the ins and outs of emotional loyalty, how to drive it, and what better loyalty management looks like as you consider:

Do your brand experiences and customer engagement drive emotional loyalty?

Building genuine, lasting relationships requires a deeper connection between brands and customers.



What is emotional loyalty?

Emotional loyalty is the deep connection achieved when every action, input, and communication a customer receives from a brand makes them feel valued and respected.

True loyalty is not just a points program or a rewards card. It's true that these are tactics that bring brands and customers closer together. But genuine loyalty is an outcome—a goal you can only achieve by truly knowing your customers and carefully nurturing every relationship you have.

Establishing an emotional connection between a brand and its customers is the ultimate objective for any marketer, as it builds lasting relationships that keep customers engaged and coming back over and over. But achieving this level of intimacy requires a complex and strategic orchestration of activities and behaviors between the brand and customer to drive engagement at every single touchpoint.

When achieved, emotional loyalty comes with numerous benefits, including:

- **High customer retention**
- **Cross-sales (increased revenue for less cost)**
- **Brand advocacy**

Prioritizing loyalty is a worthy investment simply because of the nature of for-profit businesses: to grow revenue. Research consistently shows that it costs five to 25 times more to acquire new customers than to retain existing ones, while increasing retention by just 5% can increase profits 25-95%¹. By investing in customer loyalty through deeper emotional connections, brands stand to not only gain increased profits now, but future sales as well.

It costs up to **25x** more to acquire new customers than to retain existing ones.

¹ Reichheld, Fred, Bain & Company, "Prescription for Cutting Costs."

Emotional loyalty is not created equal

Emotional loyalty is made up of three components: affinity, attachment, and trust. Sure, you can like a product without being fully loyal. Or you can be attached to a brand simply by receiving their emails. But it's only when affinity, attachment, and trust are all present that emotional loyalty is achieved.

Outcome	Affinity	Attachment	Trust
Meaning	Customer likes the brand, but may not be loyal.	Customer is connected to the brand in some way, whether they like it or are loyal.	Customer has full faith in the brand to treat them with respect and authenticity.
What Brands Must Provide	<ul style="list-style-type: none"> • Product quality • Product value • Emotional response to products or branding 	<ul style="list-style-type: none"> • Relevant communications • Two-way interaction • Special treatment/added benefits as engagement increases • Valuable content in multiple mediums 	<ul style="list-style-type: none"> • Authenticity • Timely communications • Respect for privacy • Ability to give feedback
How Brands Can Provide It	<ol style="list-style-type: none"> 1. Manage offers at an individual level to help reinforce your brand's value with customers. 2. Communicate useful advice to ensure usage of your product and reinforce quality/value. 3. Add bi-direction and engagement to email communications through surveys and polls to gauge emotional response. 4. Foster relationships by inviting customers to share stories of affinity with their personal networks via social media. 	<ol style="list-style-type: none"> 1. Reward interaction, as well as transactions. 2. Recognize customers with tiers that offer special benefits and acknowledge their status in every communication. 3. Engage across devices, channels, and touchpoints in a consistent, relevant, and integrated way. 	<ol style="list-style-type: none"> 1. Collect first-party and zero-party data in exchange for rewards and use this information to improve the customer experience while respecting privacy. 2. Collect voice-of-customer (VOC) data to give customers a feedback loop and use the information gathered to personalize responses. 3. Remain true to the boundaries set forth by the customer (e.g., in the preference center).



Affinity

“I like you... but I don't love you.”

Affinity without attachment or trust is just a watered down version of loyalty.

[Affinity]

Customers have affinity for a brand when they enjoy what the company offers: high-quality goods, branding that appeals to their style, or products at a great value. But liking a brand doesn't mean being loyal to it.

When a different option comes along or a more competitive price is found, customers who merely like a brand may be swayed to spend their dollars elsewhere. In this case, the brand may not be doing its best to build a relationship with the customer.

Key indicators: Steady sales, positive reviews, and social media commentary

Pitfalls to avoid: Refrain from letting high sales or brand popularity do the talking for you. After all, affinity without attachment or trust is just a watered down version of loyalty. Sometimes, all a customer needs to move to the next level of the relationship is to be asked.

- Ingrain customers deeper into your brand by reminding them about additional functionality or features they could be using with your products.
- Make customers aware of how your company gives back to showcase sustainability and/or social responsibility.
- Invite customers to explore products that are similar to what you already know they love.
- Appeal to customers' initial emotional reactions by sending personalized communications that invite them to join your rewards program, engage with your communities, or provide feedback.



Attachment

“You know me well.”

Remember: any mom and pop shop can implement a rewards program. The difference is how you treat your most loyal customers once they've joined.

[Attachment]

Attachment is less about liking a brand and more about making a connection. Customers will be able to tell if they are valued and appreciated by the relevance of the company's communications and efforts to engage.

When a brand makes the effort to connect in meaningful and personalized ways, customers feel valued, appreciated, and confident in the company's ability to meet their expectations.

Key indicators: Healthy open and click-through rates, two-way interaction

Pitfalls to avoid: Talking at your customers instead of engaging with them.

- Build relevant campaigns and messaging that showcases a unified voice of your brand across multiple channels. Foster two-way communication by providing channels for them to respond and engage.
- Keep customers close by rewarding their loyalty with special treatment. Create tiered programs that acknowledge and treat your most frequent customers with benefits that keep them coming back.

[Trust]

“Let’s be friends.”



[Trust]

Trust is the linchpin of emotional loyalty – the must-have ingredient to retaining a loyal customer. When a customer feels respected, their willingness to trust increases. Respect can be shown to customers in many ways, but one of the most meaningful is in communication.

Is their privacy prioritized? Is communication two-way so they can provide feedback? Customers are willing to put their trust in a brand, but only if every touchpoint, interaction, and channel displays the same authentic behavior. And, sadly, one wrong move can result in loss of trust.

Key indicators: Customers are eager to make referrals and give frequent feedback

Pitfalls to avoid: As humans, customers are guarded and reluctant to trust right away. Remember that trust is earned and can easily be taken away.

- Maintain a healthy balance with your communications. Engage at the right times instead of all the time.
- Prioritize customer privacy and data security by overtly telling them how data they share will be used. (e.g., "If you share your preferences for your favorite style of pants, we'll use this information to send you more relevant offers!")
- Build brand authenticity by integrating communications and presenting a single brand persona across all channels from social media to support. Customers will base their trust and loyalty on the last interaction they had, so every touchpoint should feel cohesive.



**Go beyond
transactional
relationships**

Loyalty management technology gives you a way to break through purely transactional customer relationships and deliver more personalized experiences that drive emotional connections to your brand.

From punch cards and collectibles to membership programs and apps, every company's loyalty model is different. But each rewards program has the same fundamentals:

Economy

The form of currency being tracked (e.g., *points, miles, hotel stays, etc.*)

Earning and expiration rules

The guidelines of how rewards will be accrued and redeemed (e.g., *"For every \$1 spent, the customer will receive 10 points."*)

Offers/discounts

Promotions presented to the customer as a benefit of the rewards program (e.g., *"Buy one, get one 50% off."*)

Redemption rules

Terms and conditions around how rewards can be redeemed (e.g., *blackout dates, exclusions, etc.*)

Tiers and status

Levels of loyalty achieved by the customer, with different benefits unlocked at each new tier (e.g., *gold, silver, platinum*)

Goal-based promotions

Programs that encourage specific behaviors to help drive revenue (e.g., *"Buy one, get one free Tuesdays between 5 p.m. and 8 p.m."*)

Immersive engagement/exclusive access

Access to exclusive content, promotions, and events based on loyalty status (e.g., *"Members get a sneak peak at the Spring collection!"*)

POS and ecommerce integrations

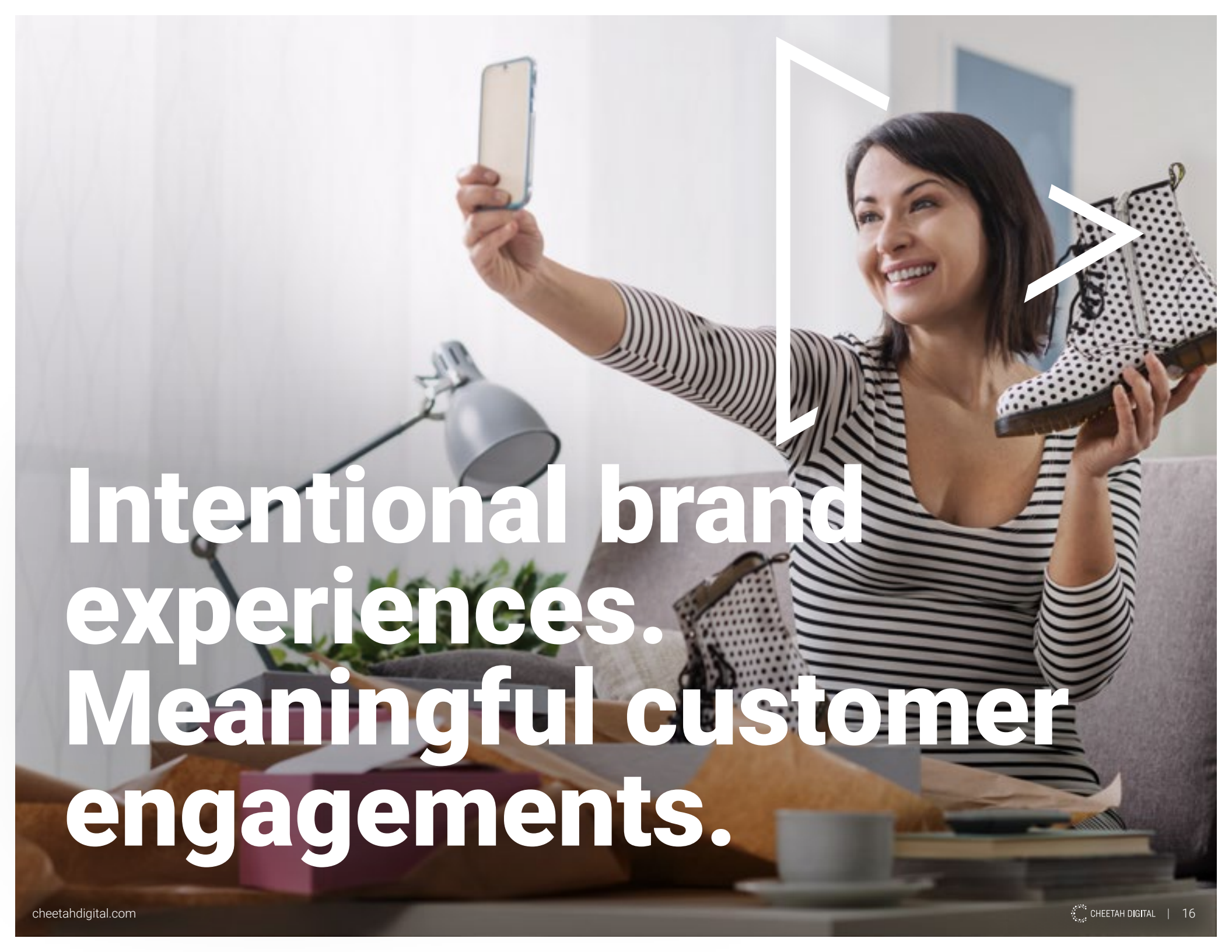
The systems that capture real-time sales and point redemptions to make the rewards program possible

Unified customer profile

The single view of the customer, compiled from feedback, interactions, real-time insights, analytics, etc.

Many of these elements should seem familiar from the various rewards programs we're a part of as consumers ourselves. But simply establishing a rewards program doesn't mean true emotional loyalty will naturally follow. On average, consumers belong to approximately 13 loyalty programs, but are only active in about seven².

So how can you foster the emotional relationships that will drive authentic and long-lasting customer loyalty?



**Intentional brand experiences.
Meaningful customer engagements.**

Building true emotional loyalty requires a complex, dynamic mix of activities and interactions between your brand and customers that will drive engagement at every touchpoint. The best and most thriving loyalty programs consistently follow these guidelines to build affinity, attachment, and trust among customers:



1. Gauge existing loyalty

Constantly listen for purchase and behavioral signals through POS and e-commerce systems, as well as your website, social media channels, and mobile app(s). Because it can be difficult to engage face-to-face with every customer, these data points are crucial for gauging customer loyalty so you can continue or modify existing programs and communications.



2. Prioritize security

Make security a top priority — not just for the protection of the loyalty programs you've worked hard to build, but for the safety of your customers' data. Invest in loyalty management practices that protect against fraud and questionable activities. Doing so ensures customer experiences are kept seamless and safe, while driving trust with brand advocates who know their data and privacy are respected.



3. Stay true to permission

Asking for permission, acknowledging preferences, and honoring privacy are the ultimate signs of respect for your customers. They also mean that the ones you interact with are those that are truly interested in connecting with your brand, leading to stronger, more profitable relationships. If trust is the cornerstone of emotional loyalty, building that trust from the first interaction you have with a customer (often, opting in to receive brand communications) is crucial for achieving the relationships you desire



4. Provide personalized offers

Show customers you're listening by using the data and purchase insights they give you to provide more personalized communications and offers. Personalization isn't just about tailoring messages, but also about the medium you engage in. Pay close attention to customer preferences for interacting with you and send targeted offers online, at the register, in-app, or even when your customers are in-store to build attachment and emotional responses.



5. Tap into mobile

As consumer culture increasingly goes mobile, loyalty apps are quickly becoming the preferred option over the plastic reward cards we've grown accustomed to. In fact, 73% of smartphone users say they're interested in saving loyalty cards on their mobile phones³. As a result, mobile apps are changing the way businesses design and deliver their loyalty programs. Not only do mobile apps allow customers to conveniently store and access their loyalty information, but brands can have quicker, easier access to real-time insights.



6. Reward your best customers

Loyalty is a two-way street. If customers are going to trust your brand, they better receive something in return, whether in product/monetary rewards or exclusive content/offers. Don't forget to reward your best customers as part of the rewards program you've established. Use the personal and/or purchase data they've given you to deliver meaningful benefits that make customers feel rewarded for their loyalty.



7. Give customers a voice

Genuine emotional relationships require communication and honesty. The same is true of emotional loyalty. When customers can connect with you and provide their feedback and opinions, they feel valued, appreciated, and respected, sparking attachment and trust. Conduct VOC polls and surveys to validate your product concepts or messaging, while generating data that can be used to create more relevant, targeted experiences that will resonate.

³ Vibes, "2016 Mobile Consumer Study."

**Loyalty is
an outcome,
not a tactic.**



With the world at their fingertips, customers have no reason to only shop at a handful of stores anymore. Keeping customers consistently coming back requires something special – something they can't get anywhere else.

Do the brand experiences you create generate customer engagement to drive emotional loyalty?

Whether they like your brand, love it, or fully trust it, the opportunity to build real and lasting emotional loyalty is there. But a dollar off here or there simply won't do.

To create true loyalty, your brand must practice immersive customer engagement, nurturing the relationship at every touchpoint with unique, personalized brand experiences. With a loyalty program that rewards your best customers, integrated campaigns that include personalized messages, and VOC feedback loops that make the customer feel heard, you'll be able to deliver unique customer experiences that create deep emotional connections and ultimately achieve advanced-level loyalty.

[CASE STUDY]

Old Chicago Pizza and Taproom

Old Chicago is the craft beer authority and a proud member of the CraftWorks Holdings family. The company boasts one of the very first restaurant loyalty programs, which has been rewarding its most loyal guests since 1978. After more than 40 years of serving up the highest quality beers, great food, and good times, Old Chicago has continued its innovative track record with its one-of-a-kind “OC Rewards” loyalty program to reward customers, cultivate a community of advocates, and drive repeat visits.

Challenge

A need for simplicity, speed, flexibility, and scalability

What began as an innovative program had grown over time in complexity. With the amount of guest data, rules, currency, and promotions, the comprehensive scope of OC Rewards was incredibly complex to manage, and the legacy loyalty system they were using was having trouble keeping up.

Old Chicago needed a platform that could handle the complexities of their multifaceted program, as well as provide a highly scalable cloud environment to:

- Maintain and grow the program
- Support both physical and virtual cards
- Make real-time changes
- Accommodate 100 locations
- Support rapid configuration of location-specific rules
- Build third-party integrations
- Allow for future program expansion

Solution

Leveraging Cheetah Loyalty for a quick, competitive edge

After an extensive search, Old Chicago chose Cheetah Loyalty as its new loyalty platform, quickly and painlessly replacing its legacy solution to meet current and future needs. More than two million OC Reward members, along with all their preferences and activity history, were seamlessly and rapidly moved to the Cheetah Loyalty solution with no disruption to guests or restaurant staff.

Since its launch in 2014, the Old Chicago Loyalty Program has:

- Doubled its contribution to sales and now contributes over 30% of total sales
- Prompted more frequent reward member visits and higher check totals
- Increased loyalty sales 8.3% YOY in 2018
- Retained 9,000 VIP members
- Completed 120,000 World Beer Tours in the last four years



Read the full story at
cheetahdigital.com/resources

“Having a technology partner like Cheetah Digital that can run the complex rules of the World Beer Tour program while also being able to adapt to additional changing requirements has been instrumental to our program’s success.”

— Jason Siska

Director of Loyalty and CRM, CraftWorks Holdings, Inc.

Cheetah Digital

Seamlessly deliver personalized interactions that drive lasting emotional loyalty



Track relevant interactions

Our deep POS and e-commerce integrations ensure member profiles are updated with purchase and redemption activities as they happen.



Reward your best customers

Go beyond points to offer special treatment to your best customers with a flexible tier structure that provides customers with unique earning opportunities based on their loyalty status.



Personalize offers and communications

Define, manage, and target highly personalized offers online, at the register, or even in-store with coupons, recommendations, and exclusive offers – whether digital or physical.



Take your program mobile

Give customers the gift of convenience with mobile capabilities that let you manage card balances and collect real-time insights. Don't have a mobile app? Create and launch a fully-branded one with Cheetah Loyalty.



Foster the customer voice

Enable loyal customers to be vocal advocates of the brand by conducting polls, inviting feedback, and rewarding them for the referrals they give across social media.



Protect your program

Protect the program you've worked so hard to build. With data encryption, security safeguards, and the highest compliance standards, we are constantly monitoring to detect anomalous patterns and automatically stop questionable activities.

It's time to look beyond transactional data to **build thriving customer relationships** that deepen at every touchpoint. With Cheetah Digital's marketing and loyalty solutions, you have an entire platform at your fingertips to build the most relevant, integrated, and profitable campaigns.

Start building lasting customer relationships at cheetahdigital.com