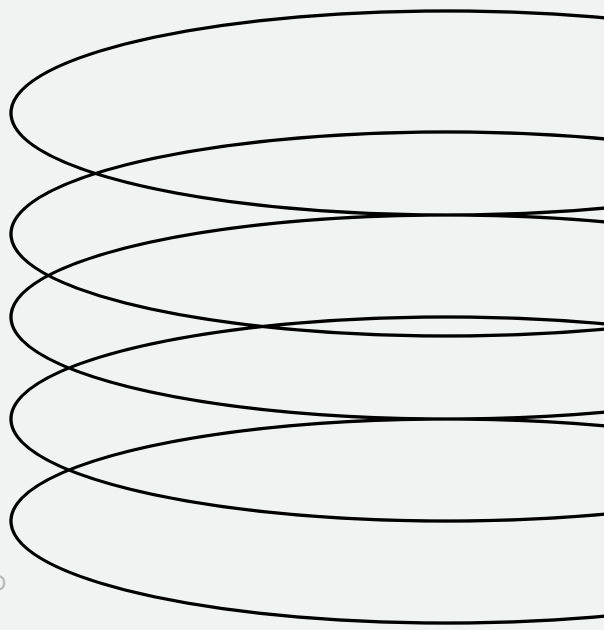


The 5 essential pillars for engaging your customers with Emotion



Want to re-enchanted your loyalty program? Find out how to initiate this change and achieve unprecedented customer engagement.



THE 5 ESSENTIAL PILLARS FOR ENGAGING YOUR CUSTOMERS WITH
EMOTION

INTRO

Reenchant your customer loyalty



Sometimes called relationship programs, CRM
and more recently engagement strategies.

In today's world of rapidly changing consumer habits, brands face the daily challenge of building customer loyalty. The effervescence of the offer, whether in e-commerce or with the rise of artisanal brands, customer volatility and even inflation are all factors that accentuate this challenge.

And yet, it's undeniable that repeat purchases are more important than ever: after all, acquiring a customer now **costs 5 to 7 times more than retaining one**.

Unfortunately, despite companies' efforts to retain customers through traditional loyalty programs, these seem to be losing their effectiveness. The number of active members of these programs has fallen by 36% in 10 years. As a result, customers are becoming weary of the numerous, mostly identical **programs based on purely transactional rewards**.

This is where a new approach comes in: emotion-based loyalty. By moving from a **logic of conversion to one of conversation**, brands can offer experiences that enhance satisfaction and strengthen customer relationships. We now need to think of "engagement" rather than "loyalty".

Imagine a world where your customers interact with your brand every day, with pleasure. Your customers will be 7 times more likely to come back to you if they feel positive about your brand. The future of customer engagement, therefore, lies in **experience and emotion**.

Discover with us, throughout this white paper, the 5 essential pillars for building a new-generation engagement program.

TRANSACTIONAL PROGRAMS

71% of customers think loyalty programs are all the same.

20%: the average reward claim rate.

Only **40%** of customers consider loyalty programs to be generous.

EXPERIENCE & LOYALTY

80% of customers are likely to buy again following a personalized experience.

69% of customers expect new experiential formats (digital and physical).

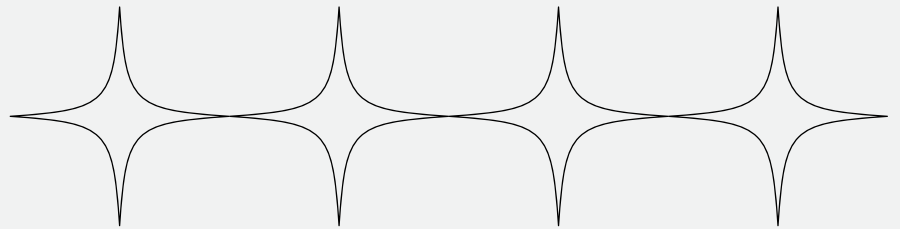
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PILLAR N.1

Community. Turn your customers into players

P.1 Community.

Sharing and communication between users have become essential vectors of engagement. In addition to forging links with its customers, a brand must also work to create a space for exchange and creativity between its consumers. This is where the notion of "community" takes shape: users who not only identify with the brand and its values, but who also become players in its evolution. A Harvard Business Review study showed that community-centered programs have a greater impact on loyalty, satisfaction and brand attachment than transactional programs. The sense of belonging is increased tenfold, transforming customers into true ambassadors.



FOSTERING A SENSE OF BELONGING.

How can brands make their customers feel part of a community?

One of the best levers to activate quickly is the concept of co-creation: customers are no longer mere consumers, they contribute to the creation of products, stories and values. Nevertheless, building a brand community requires long-term effort, and involves moving from a "Consumer Centric" to a "Community Centric" approach.

This shift takes place through five essential elements:

- A shared identity
- Rituals and traditions
- Moral responsibility
- A sense of belonging
- An emotional connection.

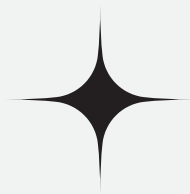
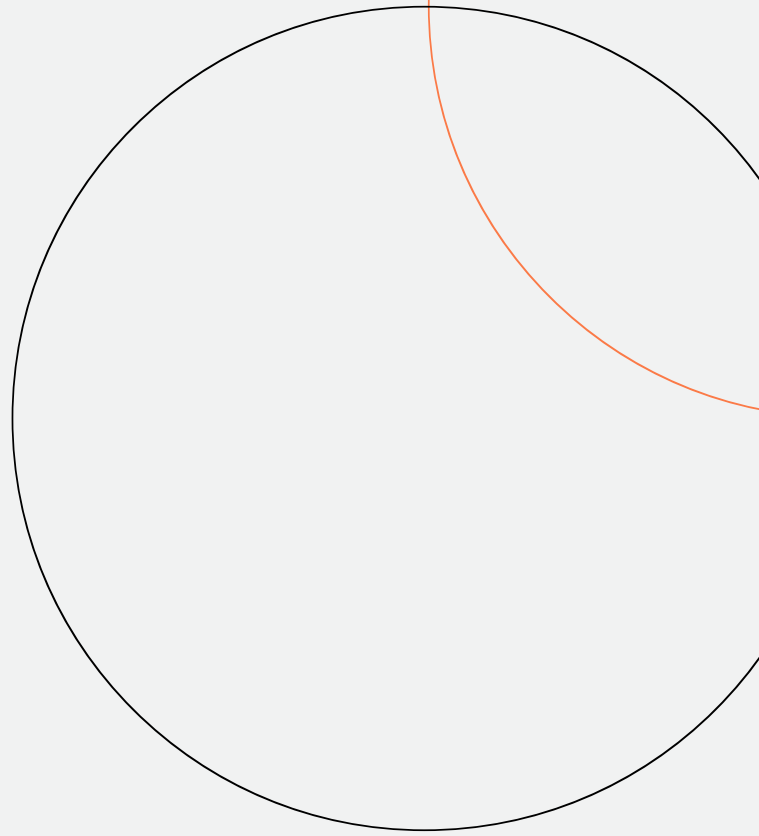
A successful brand community cultivates these elements, creating an environment conducive to engagement and cooperation. When a customer feels valued as a stakeholder, he or she actively participates in the evolution of the brand, thus strengthening loyalty.

PILLAR N.2

Customize.
Create the "Wow"
effect

P.2 Personalization

The challenge for brands is increasingly complex: more than ever, they need to understand their customers' preferences, while respecting their personal data rights. What's more, with the obsolescence of Third Party Data and the gradual withdrawal of third-party cookies by major players such as Google and Apple, brands are driven to work on new, respectful approaches to collecting "First Party" data. But it's essential to get started now. Accurate, relevant analysis of this data is an essential prerequisite for building customer loyalty. Without in-depth knowledge of consumer habits, brand preferences and tastes, it's virtually impossible to create meaningful experiences (rewards based on individual behaviors) that encourage engagement.



*ACCORDING TO A STUDY CONDUCTED BY AUDIREP: **65%** OF CONSUMERS FEEL THAT LOYALTY PROGRAMS ARE NOT SUFFICIENTLY TARGETED, AND **79%** WANT BENEFITS THAT CORRESPOND TO THEIR CONSUMPTION PROFILE.*

THE WOW EFFECT

Brands must therefore aim to enrich the conversation with their customers. They need to focus on creating a relationship that is unique, surprising and therefore memorable. In other words: offer a "wow" effect. But this requires smooth, consistent omnichannel experiences.

This means investing in new ways of interacting with customers, such as being able to organize them by status in the future, to encourage them to interact with your brand throughout the various contact points.

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PILLAR N.3

Edutainment. Fun learning

P.3 Edutainment

In the complex landscape of customer loyalty, a new strategy is proving effective: "Edutainment". This is the combination of game dynamics with an educational angle. This fusion creates a memorable experience for the customer, increases engagement and attracts younger consumers.

Starbucks pioneered this approach with its Odyssey program: they were able to integrate educational coffee quests with game dynamics, creating an engaging and enriching experience for their customers.

In this new approach, simply rewarding a purchase is no longer enough. Brands must now recognize and reward customers' interactions with each other, with the brand or even with other players in your ecosystem. Whether it's reviews, content sharing, referrals or recommendations, every action can be rewarded with a higher emotional value. In this way, you can create a deeper bond with your customers, making the relationship stronger, longer-lasting and ultimately more profitable.



By integrating gamification elements into your loyalty program, you can encourage these interactions and boost customer engagement. You can create different levels of membership, offer achievement badges for certain actions, or use leaderboards to stimulate competitiveness. A very good example would be to reward User Generated Content, enabling your customers to become ambassadors for your brand.

The basic idea here is that offering engaging experiences through game dynamics can be far less costly for brands than offering expensive rewards.

However, all this is possible if you create the right playground for your customers: one that fosters a feeling of possessing the rewards (rewards or trophies) and traceability of the actions carried out.

STARBUCKS ODYSSEY

One of the success stories of recent years that illustrates the use of gamification and education for customer engagement is Starbucks with its "Starbucks Odyssey" program. This innovative loyalty program is not just about accumulating points for rewards, it has become a real adventure for Starbucks customers.

"Odyssey" is a series of challenges to complete, such as trying a new coffee or doing a specific action at one of the Starbucks c-stores in your city. By successfully completing these challenges, customers earn virtual badges and unlock new stages in their "journey", all the while familiarizing themselves with the brand's universe.

A real success, this new program has met with unprecedented enthusiasm, with all initial operations sold out within minutes of its launch.

PILLAR N.4

Ownership & Traceability. Share your Brand

P.4 Ownership & Traceability

Voluntary membership, or "opt-in", is a fundamental component of future loyalty strategies. An excellent lever for achieving this is the development of the notion of ownership among your customers: by closely associating their interests with those of your brand, you can develop their sense of belonging and increase their loyalty. How can you do this? We'll explain.

The concept of ownership here encompasses the ability of customers to collect and exploit their benefits. Transferring, exchanging and using these benefits outside your platform should be possible, at least for part of them.

What's more, the value of these benefits and program membership increases if the value of your brand increases, creating a virtuous circle that benefits everyone. And let's not forget that ownership is particularly important here. Psychological ownership influences consumer behavior, encouraging loyalty, referrals and willingness to pay.

This type of ownership, distinct from legal ownership, can be cultivated in several ways:

N.1 ENCOURAGE PERSONAL INVESTMENT

Whether in time, energy, effort or money, such as personalizing an avatar, creating content, or providing feedback.

N.2 GIVE A SENSE OF CONTROL/OWNERSHIP

Over the product or service, such as features that enable users to shape their experience.

N.3 ENABLE CUSTOMERS TO BECOME INTIMATE WITH THE BRAND

Through familiarity with its features or interactive, educational content.

In short, ownership can be cultivated by encouraging personal investment, offering a sense of control and fostering intimate knowledge of the brand.

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PILLAR N.5

Collaboration. Go beyond Silos

P.5 Collaboration

BRAND PARTNERSHIPS

In the race to enrich the customer experience, multi-brand partnerships are emerging as a powerful solution. This enables you to create higher value-added experiences that transcend your brand's boundaries. Take airline loyalty programs, for example: by partnering with hotel groups, car rental companies and even credit institutions, they have succeeded in offering a more varied and rewarding range of services. This fluidity and diversification enhance the customer experience, meeting their expectations for an enriched offer.

INTEROPERABILITY

To avoid the silo trap and implement these audience shares, program interoperability becomes key. Users should not be faced with the challenge of tracking their benefits across a multitude of disparate loyalty platforms and channels. Nor should rewards inevitably be confined to the closed ecosystems created by each brand.

The challenges of technical integration, and inter-program costs in terms of accounting, legal, regulatory and marketing, are all to be taken into account.

However, overcoming these hurdles enables you to expand your brand's total addressable market, and by joining forces in numbers important new ecosystems can emerge and present interesting competition to loyalty behemoths like Amazon.

A TECHNOLOGICAL CHALLENGE

However, brand partnerships, while beneficial, are far from easy to implement.

In short, you need to start building bridges with other brands and start learning how to share your audience effectively. Then you'll be ready to harness the full potential of interoperability: the future prerequisite for next-generation loyalty programs.

Momentum

Today's customers aren't just ready, they're eager to discover something new. In this context, the brands that dare to innovate and invest to offer the best possible experience to their customers are the ones that, in the long term, will succeed in building long-lasting, future-ready loyalty relationships. Of course, implementing the five pillars of emotion-centered engagement we've discussed may seem a daunting challenge. However, thanks to recent technological developments such as Web3 and blockchain, these challenges are becoming surmountable.

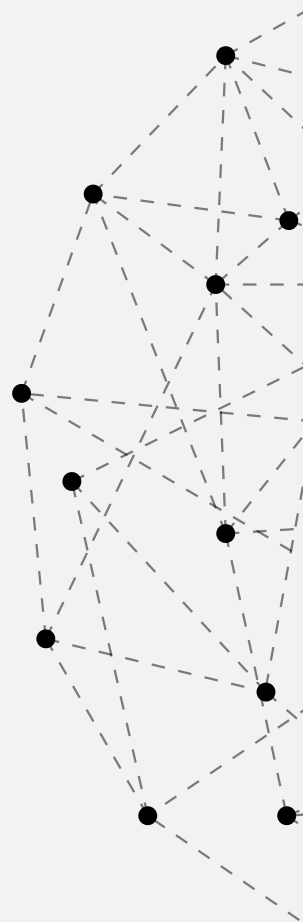
Digital assets or NFTs (non-fungible tokens), derived from Web3, play a crucial role here. They serve as a vehicle for making these principles tangible. Indeed, Web3 not only makes ownership and interoperability possible, it is the quintessence of them. Only by enabling consumers to own the benefits of a loyalty program can we truly offer a unified experience across all their loyalty programs.

But the benefits of Web3 don't stop there. It can also enhance and amplify personalization, community and gamification. Indeed, these properties have a ripple effect. For example, in the post-cookie era, digital collectibles can encourage users to share third-party data to enhance context and personalization. Similarly, the dynamics of gamification are greatly amplified when you own the results of your actions. Finally, ownership is key to aligning incentives within a community.

Add to this the blockchain, which ensures the security and transparency of loyalty programs. This gives us a range of tools and technologies to help our loyalty programs evolve towards a better customer experience.

However, it's important to note that this doesn't necessarily require a complete overhaul of your loyalty program. Taking a cue from brands like Starbucks and Nike, you can start experimenting alongside your existing program, or simply consider extending your program to digital collectibles.

Ultimately, the goal is clear: to satisfy customers' desire for novelty, by creating richer, more engaging experiences, while using the most advanced technological tools at our disposal. The future of customer loyalty is here, ready to be seized.





cohort

ENGAGE BETTER.

Cohort is a solution that makes it easy for brands to build next-generation engagement programs focused on emotion and customer experience.

Harnessing the power of NFT, Cohort helps you create exciting customer experiences in just a few clicks to achieve unprecedented levels of engagement.

Incorporated into your ecosystem, our platform seamlessly brings the full potential of Web3 to your marketing teams. Deliver seamless, integrated customer journeys across all your channels: no code, no wallet, no cryptocurrency.

SOURCES :

HAVAS PARIS / MARKETSPLASH / AUDIREP / TEMKIN GROUPE / BCG / MCKINSEY

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Engage Better.

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