GROWTH MARKETING
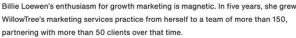
What Successful Loyalty Programs Do Right: Billie Loewen on Gamification, Personalization, and Value Arbitrage

Brittany Aburizeck
Senior Growth Content Strategist

Published: July 16, 2024

Billie Loewen's enthusiasm for growth marketing is magnetic. In five years, she grew WillowTree's marketing services practice from herself to a team of more than 150, partnering with more than 50 clients over that time.

"Like all great success stories, it starts with visionaries and leaders. Billie was the first team member and now leads the team," WillowTree President Tobias Dengel said.

Now Partner and Vice President of Marketing Services, Billie still spearheads all marketing services, including growth and lifecycle marketing strategy. But along her journey, she's become passionate about a few cornerstones of customer experience and digital strategy, like customer loyalty.

That's evident in her team's work, which includes building successful loyalty and engagement programs for quick-serve restaurant (QSR), media, and transportation brands.

But what success looks like in loyalty keeps changing. Events like the pandemic and inflation have shifted consumer preferences, like increasing interest in experiences over things.

At the same time, maturing digital technologies have fragmented brand experiences as much as united them. Take airlines. The journey from website to app to customer service often feels like dealing with three different brands instead of a singular experience across every touchpoint.

I wanted Billie's perspective on how successful loyalty programs navigate these new realities, and why she's as optimistic about customer loyalty as she's ever been.

Growth Marketing Expert Billie Loewen on Building Successful Loyalty Programs: An Interview

What fascinates you about working in loyalty?

There's tons of room for brands to differentiate themselves. Loyalty is a space where lots of companies tend to take a rule-following, box-checking approach instead of thinking creatively and strategically about every moment of the customer experience. That thinking applies to everything — making sure information is clear and engaging, structuring tiers and badges, and delivering real-time moments of delight.

The other thing I love about loyalty is how it influences customers to show the behavior that a brand wants to see. For example, a brand might offer loyalty members exclusive discounts to drive more in-app purchases and increase active users. There's a value exchange for both parties.

In developing successful loyalty programs, you often speak about finding value arbitrage. Let's dive into that.

It's about figuring out where there's value arbitrage on a customer's sense of inclusion. Let's take airports as an example. Think about the incremental cost of one visit to a Delta Sky Club lounge.

Yes, there's an overhead cost of having one incremental visitor, but it's not that much, and the customer gets so much out of that exclusive experience. The privilege they feel from stepping out of a busy terminal and into an oasis is worth far more than the incremental cost of their visit.

Another example is American Express's partnership with Marriott. I have credit card points, and then I can get a $200 credit if I book my hotel with Amex's travel concierge. It's a way that I feel like I'm getting a tremendous amount of value, simply because this card that I'm a member of intentionally created partnerships that benefit me.

Communication is key to successful loyalty programs. How do brands typically falter, and what should they do instead?

That's a good one. One thing brands often need to do better is remind loyal customers that they have rewards waiting for them — and not necessarily because they want customers to redeem those rewards.

With customer rewards, what we almost always see is this: When people go to redeem their rewards, their average basket spend exceeds the cost of the reward as an incremental purchase. So, it ends up being a net positive lifetime value (LTV) movement. And that is when the interchange becomes really fun.

Also, with the pace at which technology keeps reshaping our lifestyles, now is a great moment for companies to review their loyalty marketing strategy, particularly their audience segmentation and channel messaging. For some customers, social media is their go-to for information. Others prefer email, text, or directly through their app. Segmenting and messaging have to keep pace.

How do early access and tiered recognition enhance a loyalty program?

Early access is huge. Just giving loyal customers a one- or two-day jump to shop, or creating that feeling of an exclusive experience another way is always fun. It's a simple but strong way to build a positive brand loyalty experience. Perks and discounts like these are VIP moments that make customers feel recognized and rewarded.

Again, it's an example of how promoting a perk or reward (e.g., early access discount, extra earned points, free trial VIP trial membership) often leads to customers making larger purchases than they normally would.

You've talked about the power of gamification and instant rewards on your *Room For Growth* podcast. How does these positively impact customer experience?

Gamification and real-time rewards are also very impactful. Earning points and unlocking perks via games creates an immediate, visible benefit for customers. Starbucks's gamification strategy, with daily bonus challenges that encourage trying new drinks, is a great example. The immediacy enhances satisfaction and engagement, helping drive repeat purchases and keep customers coming back.

Let's think about auto-applied rewards. These are so nice. I recently went to Target to make an in-store purchase. I opened my app and put my number in for rewards, and it's like, "Hey, you have a coupon for your birthday waiting." I had no idea that I had a 5% discount waiting. It was the ultimate delight moment.

The Target Circle program shows how effective auto-applied rewards are for building customer loyalty. Image source: Target App.

Two other examples of instant reward tactics I love: Airlines do this when you're auto-enrolled into available upgrades as soon as you purchase this ticket, and Sephora offers free samples at checkout that change every couple of days so customers are rewarded each visit.

Let's talk about personalization. How do you see successful loyalty programs doing this effectively?

Personalization should draw users into the rewards program. Maybe it's through tiering, badges, or an email reminding a customer about their benefits. All of that reinforces to customers how close they are to earning their next rewards and shows they've already put in. Special deals personalized based on a customer's status (e.g., offering extra points when they're approaching a redemption milestone) help draw users into the app or web experience.

Once they're there, reinforce that they have rewards available. That encourages product discovery and establishes purchase. Because when consumers see that they have, let's say, a $20 reward waiting, they're much more likely to start adding items to their car while shopping and at checkout. So, sending personalized reminders and offering personalized bonuses like these is a fun way to reward customers.

Finally, where do you see the future of loyalty programs heading?

The future is really about enhancing these touchpoints and making every interaction count. It's about leveraging every technology and opportunity to deepen that relationship, ensuring your customer base stays loyal and feels genuinely appreciated every step of the way.

Get More Insights to Grow Your Customer Loyalty Program

In addition to partnering with clients through our loyalty strategy consulting and digital marketing services, Billie also shares her wisdom on *Room For Growth*, a podcast that dives into the latest news and topics in growth and lifecycle marketing.

In more than 50 episodes so far, Billie has connected with industry leaders such as:

- Saks OFF 5th Chief Marketing & Analytics Officer Sara Griffin on customer-centric branding
- SparkToro CEO Rand Fishkin on hyper-personalization
- mParticle CEO Michael Katz on customer data platforms (CDPs)

Get insights to grow your loyalty program and more when you listen to *Room For Growth*.