Designing Loyalty Programs with a Superior Customer Experience
Author: Paul Daffin, Senior Director, Loyalty Program Services

Executive Summary

Mobile devices are changing the way businesses around the world operate – including those in the financial services industry. This was best articulated by Anju Nayar, senior director of global initiatives for PayPal during an interview with PYMNTS.com. "We are on the cusp of the mobile-first era," he said, adding: "One thing is evident: Mobile shopping is on target for meteoric growth. Mobile commerce is growing at three times the rate of e-commerce."[1]

Consumers are driving this transformation by expecting more mobile capabilities when interacting with their favorite brands. All types of mobile interactions – whether for banking, shopping or entertainment – are poised to increase significantly in coming years. In fact, mobile Internet usage surpassed desktop computer Internet usage for the first time ever in 2014.

Consumers' growing fondness for mobile is also spilling into the financial industry. Beyond the rising popularity of mobile banking, consumers also increasingly expect to engage with customer loyalty programs of financial institutions (FIs) through mobile devices. They want to be able to easily use their device to browse and redeem rewards, as well as to receive customized recommendations based on their personal preferences. In other words, they want an experience that is visually approachable, intuitive, portable and personal.

This all means that in order to increase customer engagement, FIs must take a "mobile first" design approach with their loyalty programs. This report lays out five fundamental design tenets for creating a compelling digital experience for a loyalty solution – one that engages customers and provides a more rewarding and seamless user experience. Adhering to these design tenets will also allow FIs to better manage their overall loyalty program costs.

What is Responsive Mobile-First Design?

The design of websites that provide an optimal experience both with viewing and interaction, regardless of the type of device used to access them.

Mobile Commerce Growth

- According to PYMNTS.com, mobile commerce ("m-commerce") in the U.S. has a projected annual growth of roughly 32%.
- Forecasted Growth 2014-2016: $54.6M-$96.3M.[1]

Defining Characteristics of Responsive Mobile-First Design:

- Rich visual imagery
- Consistent experience across devices
- Long page format
- Long vertical scroll
- Large form fields
- Simpler headers and menus
- Intuitive in-page navigation
- Casual tone of copy

FIVE DESIGN TENETS FOR CUSTOMER LOYALTY PROGRAMS' DIGITAL EXPERIENCE

Getting customers to effectively engage in a digital experience requires intuitive and engaging design. Here's a look at five tenets that FIs can follow to create a loyalty program solution that achieves this end:

01 **PORTABILITY** Consumers increasingly rely on mobile devices at home and on the go. In fact, technology research firm Gartner, Inc. predicts that "by 2018 more than 50 percent of users will go to a tablet or smartphone first for all online activities."[2] Given this growing reliance on mobile devices, brands must create experiences that are "device - agnostic" or "portable" – meaning that consumers have the same great experience whether they are using their computer, tablet or mobile phone. This is well explained in an online article for Harvard Business Review: "You don't get to decide which device your customer uses to access the Internet. They get to choose. It's your responsibility to deliver essentially the same experience to them – deliver a good experience to them – whatever device they choose to use."[3]

To create such portable experiences, FIs should leverage responsive, "mobile-first" Web design to ensure a consistent digital experience regardless of a device's screen size or type – whether laptop, tablet or smartphone. It also means using simple yet recognizable navigational elements that are short and include straightforward text and icons. Fonts and graphics should also scale from one screen to the next. The design should intentionally incorporate user break points and leverage grid-based interface architecture, which is the foundation for device portability.

Beyond providing a consistent experience across devices, portability also reduces or eliminates the need for FIs to customize to the different devices available today – and tomorrow.

> *"By 2018 more than 50 percent of users will go to a tablet or smartphone first for all online activities."*

02 **VISUAL APPEAL** Consumers' first impressions of a site are often based on its design. Sites with rich imagery are more welcoming and pleasing to the eye, for example, than sites overloaded with text and generic stock imagery. The importance of visual design is underscored by Google's research findings that consumers often form their opinion of a website within 50 milliseconds of visiting it.[4] If a site is deemed unattractive, that visitor will likely leave it within a few seconds.

The visual appeal of a site includes many factors, including its overall layout, color palette, typography and font size. Rich imagery and high-resolution graphics can help users better experience and navigate the site. But the selection of imagery is often a blend of art and science.

For example, within a travel rewards section, photography that reminds the user of the relaxation and fun of taking a vacation can pique their interest in browsing those rewards. However, it's important to recognize that an image that looks stunning on a desktop computer may not load well or look as nice on a mobile device – and vice versa. Therefore, it's important to ensure that selected imagery displays well across all types of devices and does not consume too much memory or processing speed. Using scalable vector graphics technology can ensure that images easily scale to support a positive digital experience.

This same approach should extend to making decisions about the color palette, typography and font size. Overall, great visual design builds consumers' trust and helps deepen relationships, while lackluster visual appeal all too often drives customers away.

The importance of visual design is underscored by Google's research findings that consumers often form their opinion of a website within 50 milliseconds of visiting it.

03   **USABILITY**

A study by Google titled *What Users Want Most from Mobile Sites Today* found that "72 percent of mobile users say it's important to them that websites are mobile-friendly, yet 96 percent have visited a site that doesn't work well on their device."[5] In other words, a site's usability – particularly on mobile devices – has become a major factor in why people choose to visit it or leave it. Consumers on mobile devices expect easy, on-demand access to sites whether they are in their kitchen thinking about how many rewards points they need to earn their next tech gadget or planning for a vacation while commuting to work. If a site is too challenging to navigate, difficult to read or slow to load, users will inevitably leave it and go somewhere else. In fact, according to Forrester Research, "a bad mobile experience can turn away customers for good."[6] While this is a huge challenge for brands, FIs that offer a great user experience across all types of devices – taking a mobile-first approach – will have a competitive advantage.

So, what lessons can FIs take from top consumer brands and popular social media sites when it comes to usability? Two common design techniques that improve usability include long page design with long vertical scroll and intuitive in-page navigation. The ubiquity of tablet and smartphone touchscreens has also quickly escalated the importance of "mouse+touch" navigation, which allows users to navigate a site using a mouse, finger touch or a combination of the two. Furthermore, navigational elements should be designed around the unique needs of the FI's customers and be conveniently located on the site in places that reflect how consumers naturally hold and use their devices, making the site both comfortable and easy to use. Other usability features can include predictive search, large form fields and the ability for customers to create personalized profiles. Attention to detail is vital to providing the bank's customers with a first-class experience and making it easy and rewarding to use its loyalty program site.

"72 percent of mobile users say it's important to them that websites are mobile-friendly, yet 96 percent have visited a site that doesn't work well on their device."

04 PERSONALIZATION

The digital era has put personalization increasingly within reach. Today, FIs can do far more than just personalize a customer's greeting when they visit its website. They can provide online customers with highly relevant product recommendations based on their previous behaviors and transactions.

A study by Infosys titled *Rethinking Retail* revealed that consumers want personalization from brands, and they are aware that it highly influences their behaviors. According to the study, "almost one-third (31%) of surveyed consumers wish their shopping experience was more personalized than it currently is" and "59% of shoppers who have experienced personalization believe it has a noticeable influence on purchasing."[7]

Though many FIs today use personalization in various ways, it should also be incorporated into their loyalty programs, as it has shown to improve program engagement and overall results. For example, programs could include customer-specific shopping preferences and present relevant promotions and redemption choices based on personal preferences and interests. FIs could also incorporate other elements that reflect a customer's interests based on his or her personal profile. Another example would be allowing customers to create a personalized travel profile that describes the types of trips they prefer to take, allowing the FI to recommend rewards reflecting each customer's unique travel preferences.

Regardless of the degree to which customers choose to participate in the creation of personalized profiles, they should at least appreciate the FI's interest in connecting on a more personal level and creating a more engaging and customized experience.

The initial pages visited should reflect the FI's unique brand expression – both in visuals and voice – while bringing forward core messages that highlight the brand's key attributes and positioning.
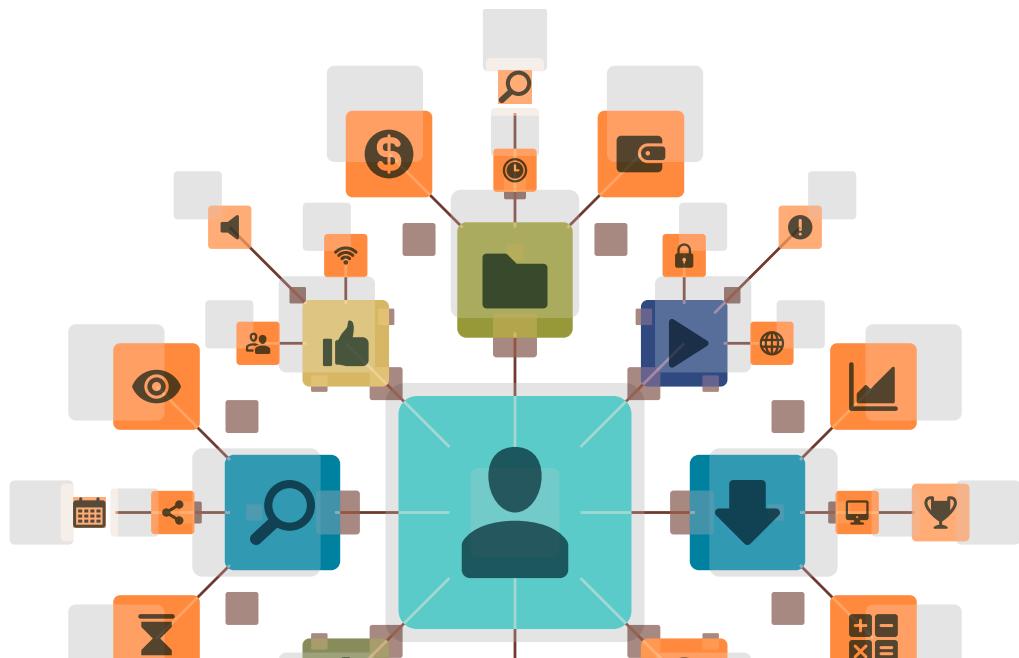
05 UNIQUE BRANDED EXPERIENCE

The first four design tenets are critical for creating a highly successful and engaging customer experience. However, to offer a truly meaningful experience for the customer, an FI's digital experience must be different from its competitors' digital experience and must avoid feeling purely transactional to the customer. The initial pages a customer visits should reflect the FI's unique brand expression – both in visuals and voice – while bringing forward core messages that highlight the brand's key attributes and positioning. The Internet, social media and mobile devices have led to a two-way conversation between consumers and brands – one that is more direct and conversational than before. Given this evolution, an FI's digital experience must adhere to its brand guidelines, yet should take the opportunity to speak to its customers in a more casual and engaging way than the formal or institutional tone traditionally used in bank-to-customer communications.

To truly differentiate its digital experience, an FI should leverage customizable Web pages capable of incorporating everything from rich visual imagery to marketing content to personalized content to branding. Creating such a dynamic, engaging and customized experience requires the FI to have a partner – one with a digital and creative marketing team that can ensure its loyalty program aligns with the overall brand experience and product messaging.

Such a partner should have the underlying product and technology architecture, while offering a solution that is continuously evolving. The right partner knows how to create a loyalty program that is seamless across all devices while providing customers with the easy and engaging experience they expect.
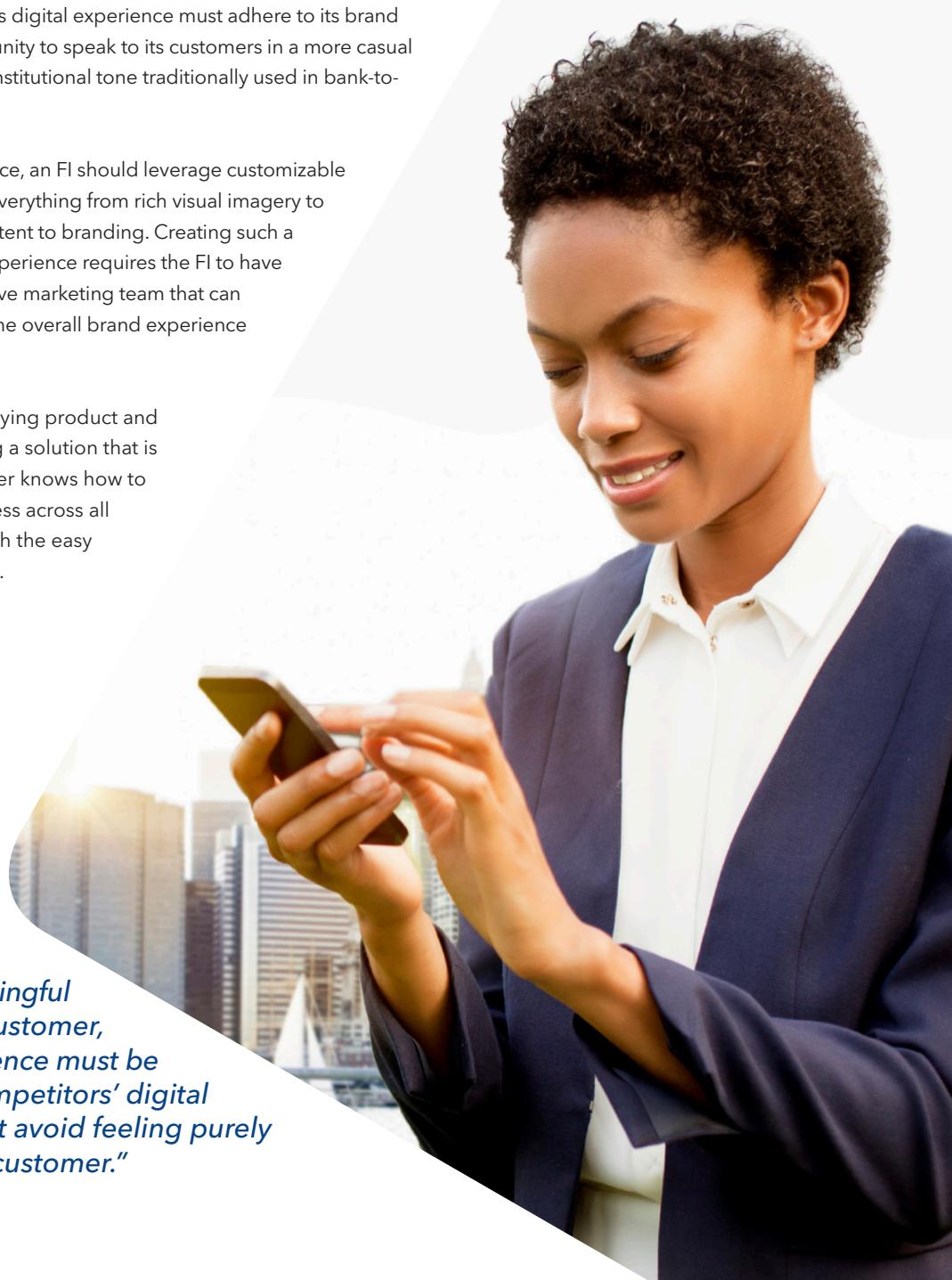
> *"To offer a truly meaningful experience for the customer, an FI's digital experience must be different from its competitors' digital experience and must avoid feeling purely transactional to the customer."*

Conclusion

In today's digital era, responsive, mobile-first Web design should be a part of every FI's loyalty program strategy. Leveraging five key design tenets – portability, visual appeal, usability, personalization and unique branded experiences – creates a superior digital experience for consumers. Beyond these design tenets, FIs should leverage behavior and usage data to continually refine their loyalty programs and be prepared to innovate to meet the ever-changing needs of the market and their customers.

About the Author

Paul Daffin *Senior Director, Loyalty Program Services.* Paul is a proven leader with more than 20 years of business experience across payments, technology and IT consulting. In his current role as Senior Director of Loyalty Program Services, Paul leads technology delivery and integration, production operations, loyalty program management, new client implementations and portfolio analytics for the loyalty line of business.

Paul keeps a continuous focus on consulting with clients for strategic loyalty initiatives to ensure they achieve their desired business outcomes. He is a 15-year veteran of TSYS and has spent the past eight years dedicated to the loyalty and rewards business.

About TSYS

At TSYS® (NYSE: TSS), we believe payments should revolve around people, not the other way around℠. We call this belief "People-Centered Payments®." By putting people at the center of every decision we make, TSYS supports financial institutions, businesses and governments in more than 80 countries. TSYS offers issuer services and merchant payment acceptance for credit, debit, prepaid, healthcare and related business solutions.

TSYS' headquarters are located in Columbus, Ga., U.S.A., with local offices spread across the Americas, EMEA and Asia-Pacific. TSYS is a member of The Civic 50 and was named one of the 2013 World's Most Ethical Companies by Ethisphere magazine. TSYS routinely posts all important information on its website. For more, visit us at www.tsys.com.

Sources

1 "Global M-Commerce Set to Leave E-Commerce in the Dust." *Pymnts.com.* 19 February 2015. Web. July 2015. <http://www.pymnts.com/in-depth/2015/global-m-commerce-set-to-leave-e-commerce-in-the-dust/#.Vafk2ypViko>.

2 "Gartner Says By 2018 More Than 50 Percent of Users Will Use A Tablet of Smartphone First for All Online Activities." Press Release. *Gartner.com.* 8 December 2014. Web. July 2015. <http://www.gartner.com/newsroom/id/2939217>.

3 McGrane, Karen. "The Rise of the Mobile-Only User." *Hbr.org.* 28 May 2013. Web. July 2015. <https://hbr.org/2013/05/the-rise-of-the-mobile-only-us/>.

4 Alexandre N. Tuch and Eva Presslaber and Markus Stoecklin and Klaus Opwis and Javier Bargas-Avila. "The role of visual complexity and prototypicality regarding first impression of websites: Working towards understanding aesthetic judgments." International Journal of Human-Computer Studies, vol. 70(11) (2012), pp. 794-811. *Research.google.com.* 2012. Web. July 2015. <http://research.google.com/pubs/pub38315.html>.

5 "What Users Want Most from Mobile Sites Today." *Google.com.au.* September 2012. Web. July 2015. <http://www.google.com.au/think/research-studies/what-users-want-most-from-mobile-sites-today.html>.

6 Laufer, Deanna. "The Right Mobile Usability Testing Tool." Report Abstract. *Forrester.com.* 19 August 2014. Web. July 2015. <https://www.forrester.com/The+Right+Mobile+Usability+Testing+Tool/fulltext/-/E-res117519>.

7 "Rethinking Retail Insights from Consumers and Retailers Into an Omni-Channel Shopping Experience." *Infosys.com.* 2013. Web. July 2015. <http://www.infosys.com/newsroom/press-releases/Documents/genome-research-report.pdf>.

TO LEARN MORE

contact +1.706.644.3819 or email sales@tsys.com.

twitter.com/tsys_tss

facebook.com/tsys1

linkedin.com/company/tsys