Reinventing
LOYALTY

Understanding Consumer Behaviour in the Experience Era

2017

CONTENTS

FOREWORD

By David Burnand, Enterprise Marketing Director, Adobe EMEA

Think about the brands you use most often. Are they the same brands you were using five or ten years ago? Chances are that they're different, or that the services they offer have evolved over that time. Your loyalties have probably shifted. But why? And did you even notice?

The definition of consumer loyalty is changing. In the past, loyalty meant two things: how you bought something and how much you valued it. Now, we want more. It's not just about the product or the service, it's the entire experience the brand provides. It's being treated as an individual, being a valued customer, being entertained and being delighted.

Digital changed the game forever, and Artificial Intelligence (AI) is on the cusp of changing it once again. As consumers, we expect more. And as brands, we have the data and tools to live up to this. It's this data that gives competitive edge – the tools are widely available, but the data that fuels them helps brands to differentiate and create great experiences. Treating this data with respect is more vital than ever.

In an age of decreasing spare time and increasing amounts of choice, brands are only as good as their last interaction. And the risk is that, without proper use of data, brands will fail to spot the warning signs from their customers and lose business to others that have a better understanding of their needs.

As a result, we need to shift from marketing products and services to marketing experiences and we need to continue this past the first engagement and through the customer lifetime.

So what does 'loyalty' mean now? In this report, we've looked at how the relationship between consumers and brands is changing, and what brands should do to build loyalty and consistent meaningful experiences.

We examined this changing behaviour through a week of experiments designed to understand how consumers shop; where they shop; what technology they use as part of their decision-making journey and how all these experiences affect their end purchase. We also surveyed 5,000 consumers across Europe (UK, France, Germany, Benelux and Nordics) to build a view on their relationship with brands.

The results tell us that everything revolves around a consumer who is more capable, self-aware and demanding than ever before. From this we've developed a new ABCD of Brand Loyalty designed to help marketers make their business an experience.

Give customers an **Adaptive** experience

Be wherever they love to be

Help them filter **Choices**

Differentiate through immersive experiences

We hope these insights help you understand this brave new era of experience and how it crosses over into the Holy Grail of brand loyalty, so you can ensure your brand stays relevant in consumers' ever-changing lives.

ACKNOWLEDGEMENTS

Research BACKGROUND

Reinventing Loyalty is a research collaboration between Adobe and researchers at Goldsmiths, University of London, and research consultancy Smoothmedia. A special thank you to our research participants and Subject Matter Experts who dedicated their time, insights and feedback to making the research and subsequent report a success.

The research was directed by Dr Chris Brauer and Dr Jennifer Barth with researchers Alexia Samara and Cleary Ahern. Contributions were made by research assistants Areej Ahsan and Sean Duggan along with video anthropologists Ricardo Leizaola and Louise Boer. The photography was by Ivan Gonzalez.

The report is a result of mixed methods research to capture qualitative and quantitative data. Extensive desk research informed the background of consumer loyalty and the entry points of digital technology. Subject Matter Experts helped to shape the model. Ten dedicated participants spent one week interacting with the research team through the 'Loyaltybot', a chatbot designed to deploy tasks focusing on

digital tools while providing feedback for their activities. A workshop followed, capturing further insights about our participants' decision-making processes. A consumer survey carried out by 3Gem in August 2017 in five markets (UK, Germany, France, Benelux and Nordics) provides broader insights and tests the dimensions of new loyalty among 5,000 consumers (1,000 respondents in each market).

What's driving the CHANGING FACE OF 'LOYALTY'?

The ubiquity of technology has allowed us to do whatever we want, whenever we want to. We interact constantly – in person and through our devices. Technology is now a representation of ourselves; it invites us to know ourselves better and to engage in conversations and activities in new ways. Conversations, relationships, purposeful interaction, increasing self-awareness, power, desire to be moved and excited – these are driving the changing face of loyalty.

We demand **convenience, availability** and **ease of use.** We need products and services to solve our problems or fill a requirement, however basic or complex our needs are. Expectations follow – we want to be seen and treated as individuals and to engage in personal conversations that leave everyone feeling good.

This is reflected in our research. Almost two thirds (59%) of us say convenience is the most important aspect of purchasing a product or service. And more than 40% of the consumers we surveyed want to build a relationship with companies that adapt to their wants and needs. Mario Campana, Lecturer in Marketing and Consumer Behaviour at Goldsmiths, University of London, explains that, *"the products or services that you buy describe yourself, your identity. All your possessions are part of your extended self."*

Our survey found nearly two fifths (39%) of European consumers agree that what they buy is an expression of self. Study participant Sandra considers if a product or service *"feels like me… looks like me… has a personality that speaks to me".* Another participant, Daniel, said: *"My purchases are a reflection of who I am and the person I want to portray."* Ultimately, for people to have a relationship with a brand, they have to feel like it understands them.

It's the data we share that allows brands to make consumers feel like their products are 'right' for that particular person. A good example of convenience triumphing over legacy loyalty is the success of brands like Prime Now from Amazon. Whereas, in the past, people were happy to stay loyal to brands through service or even geography, convenience now is the way they choose where, when and how they want to shop.

With this data – and the tools to create action from it – now readily available, the concept of loyalty must be updated.

The insight in this report is part of a wider research project that seeks to understand all of the transformative factors that are changing customer loyalty in an increasingly digital world, and will ultimately develop a new model of loyalty for brands.

" The products or services that you buy describe yourself, your identity. All your possessions are part of your extended self."

MARIO CAMPANA
Lecturer in Marketing and Consumer Behaviour
Goldsmiths, University of London

I purchase products and services that I feel reflect my personal values
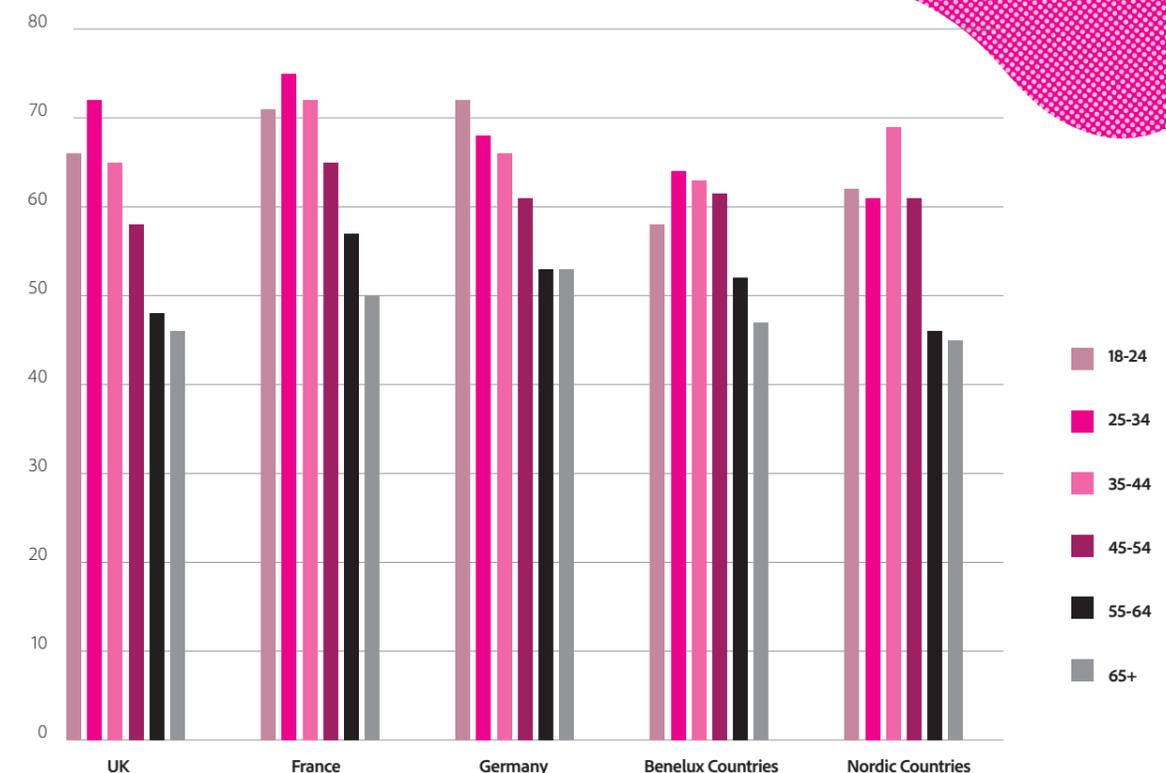
THE NEW ABCD
of brand loyalty

In the age of AI and a new, empowered consumer, organisations need to re-think how they build brand love and create meaningful experiences with customers. Technology has reshaped the consumer landscape and created a new digital world with digitally enhanced behaviours and attitudes.

The research uncovers the new ABCD of Brand Loyalty that guides brands in their quest to build loyalty and – more importantly – drive meaningful experiences with consumers:

Give customers an **Adaptive** experience

Be wherever they love to be

Help them filter **Choices**

**Differentiate** through immersive experiences

Give people an Adaptive experience

- Consumers want focused, adapted and relevant experiences from brands

- There is power in data – use it respectfully

- Form relationships based on trust and transparency

Brands that have an individual conversation with consumers – focused, adapted and relevant to individual voices and needs – will be the new loyalty leaders. This is data-driven loyalty. Brands must provide a consistent experience wherever the individual is – they must keep up with our multi-channel and digital footprint.

The adaptive and relevant experience that our study participants want is not about 'personalisation' as previously thought – models that narrow the set of choices by your previous decisions or give you recommendations based on what you've previously chosen. This is about providing personally focused information that adapts to your needs.

Nearly two thirds (61%) of consumers agreed they feel loyal to brands that tailor their experiences to their preferences and needs. At the same time, a staggering 76% demand transparency from brands on how they use their data. This reveals the fine line between recognising individual needs and being intrusive.

I want brands to be transparent about how they use my purchasing or browsing history data

83%	85%	59%
UK	France	Germany

73%	80%
Nordic Countries	Benelux Countries
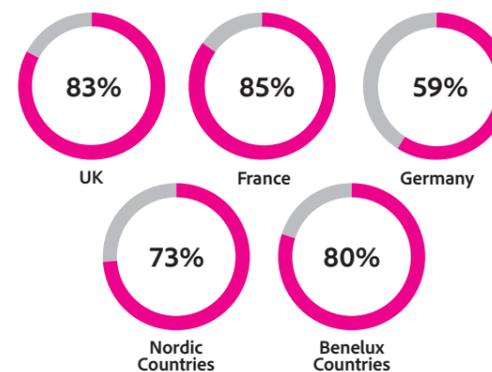
The responses point to a broader trend. The general population seems to be unaware of how much and what type of data they share online. Combining participants' digital tool usage with the Loyaltybot field research allowed us to categorise digital literacy. We found that even the most digitally literate people did not completely understand the data produced and how it's used.

In fact, over three quarters (76%) want brands to be transparent about how they use our purchasing or browsing history data. As a loyalty driver, it's becoming crucial. Duncan Anderson, CEO and co-founder of Humanise.AI, explains: *"When a website recommends another item, buyers want to know what does it mean to me as a consumer? Does it provide any value to me?"*

The Loyaltybot

The Loyaltybot is a chatbot that set tasks for our research participants to understand how they use common digital tools. It followed their progress and asked questions about their actions to get a full picture of their interactions with brands.

Adobe's take

With an explosion in digital and connected devices, more is known about us than ever before – our demographics, purchase history, location, online browsing behaviour, preferences and now even interactions with our cars, houses and wearable devices. This flood of data is overwhelming for many companies trying to act on it. But it is also a tremendous opportunity to deliver experiences that are perfectly suited to the customer's lifestyle and preferences. However, getting these personalised experiences to scale to potentially millions of customers has previously been a huge challenge, but one that the increasing application of artificial intelligence is solving. Our vision at Adobe is to apply AI specifically to areas of improving customer experiences – the content plus the data – and in turn increasing brand loyalty.

I like it when brands know my preferences and cater to them

46% UK

58% France

50% Germany

55% Nordic Countries

57% Benelux Countries
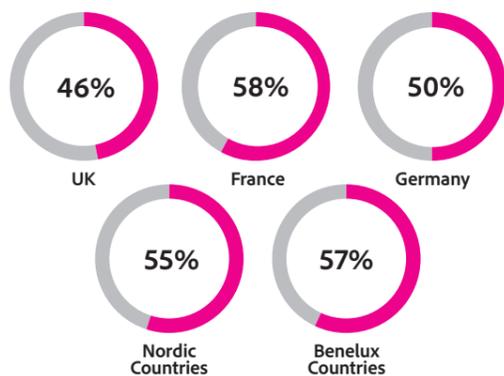
However, our study did show that, despite this lack of understanding, 53% like brands to know their preferences and cater to them.

The key here, as Adobe's John Watton puts it, is to treat people and their data with respect and do it consistently on whichever device or channel they choose: *"Using behavioural insight into a consumer allows brands to position themselves in the right way. Otherwise they just become needy people at parties, trying to be friends with everyone. They don't have to be friends with everyone. They just have to strike the right balance between delivering value and delighting the consumer. It's about showing the consumer that you know them, respect them and speak with one voice to them across any channel."*

The power of data means that brands can now offer individually focused, uninterrupted experiences across multiple channels to reach the individual at scale. If used correctly, businesses can provide relevant services exactly when consumers need them.
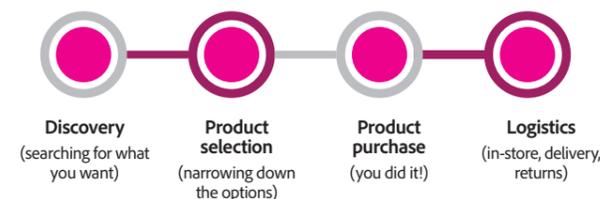
Be wherever the consumer loves to be

- The consumer experience is fragmented; use of multiple devices at different times means brands can meet consumers wherever they are

- Consumers want a consistent and great experience through all purchasing stages

- It's all about convenience

Convenience is central to our time-limited lives. Digital tools create new habits that fit our on-demand needs. As loyalty shifts away from brands themselves, we move towards the platforms and services that make our lives easier. As Gorkan Ahmetoglu, Lecturer of Business Psychology at UCL suggests, it may be less about loyalty and more about the extent to which brands are relevant, 'available' and 'easy to use'. Brands can focus on providing the services required to make things available with minimum effort. Such convenience might just drive loyalty.

In all regions, 50%–70% of 25–34 year olds sought both convenience and ease of returns as key decision-making factors.

Broader than convenience, the consumer experience is a set of points that have long been mapped as linear:

Discovery (searching for what you want)

Product selection (narrowing down the options)

Product purchase (you did it!)

Logistics (in-store, delivery, returns)

But now, digital and non-digital touchpoints have multiplied. Adobe's Vijayanta Gupta argues the journey consumers take has always been fragmented and it's only now that technology makes this increasingly visible. *"Marketers have put a purchase funnel on the consumer journey to make sense of it but in fact human decision-making is seldom linear. You start along the journey, you pause, you change direction, you collect more information, and so on."*

Always on and always available, the ubiquity of digital tools provides ease in interactions with brands experiencing true fragmentation of the consumer experience. Our research found consumers tend to discover products on the go on their mobiles, but

Percentage who chose convenience as the most important consideration when making purchases

53% UK

62% France

56% Germany

65% Nordic Countries

60% Benelux Countries
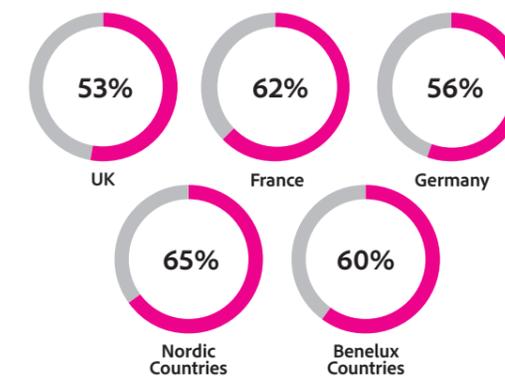
most purchased in store or online when they could focus. Easy and safe mobile purchasing represents an opportunity for brands to help consumers get from discovery to purchase seamlessly.

Individuals seek surprise and delight, to connect with things on an emotional level. As Dr Adrian Furnham, PhD, Professor of Psychology at UCL notes, brands should seek an *"emotional response, not a cognitive, rational one. Marketing professionals need to focus on the psycho-logical as opposed to the logical nature of people – quick thinking and affective factors."*

Our Loyaltybot showed participants were always bouncing back and forth and re-visiting the actions in a consistently ad hoc process when it came to purchasing items. Almost all admitted to doing most of their browsing on their phones while commuting.

'I do most of my shopping online'.

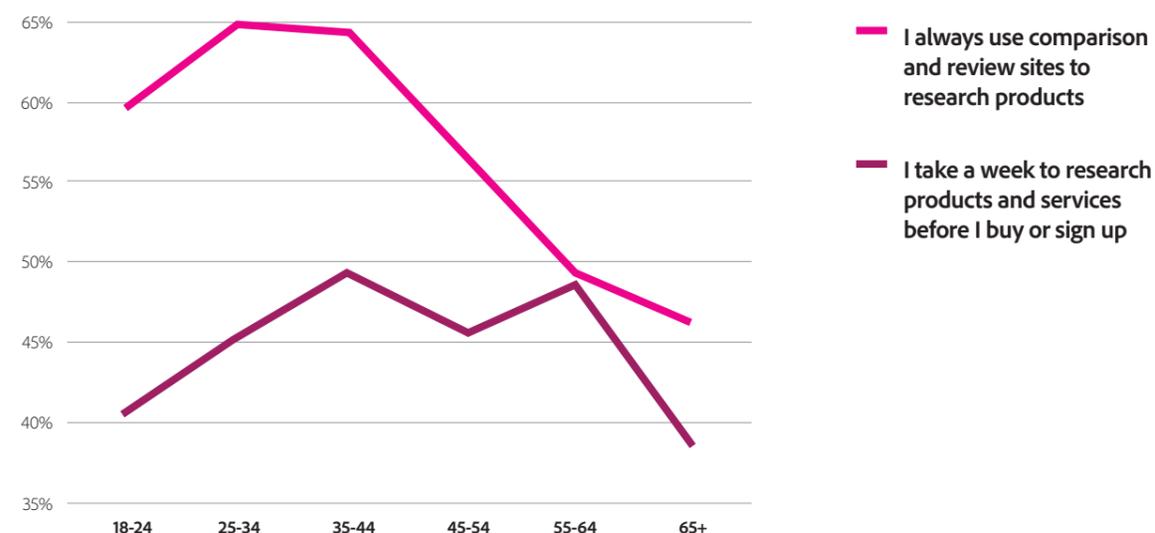|		
40%	**39%**	**36%**
UK	France	Germany
43%	**36%**	
Nordic Countries	Benelux Countries	
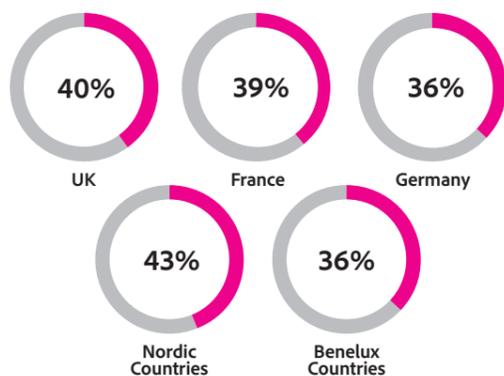
- Research participant Ahmed uses seven different applications on his iPhone to browse for similar products, because he likes to compare stock availability and price through the different interfaces.

- Angela researched a new handbag on an online shopping platform, but scheduled the final purchase and shipping logistics directly from the brand's website.

The discovery journey

38% of consumer respondents take one day to search for a product and 45.5% take one week. Across the regions, at least 40% of people said it took one week to research a product. Just imagine all of the other things happening in and around this process. Creating ease of interaction wherever and whenever needed can produce loyalty.

The research participants also have a sense of urgency: *"Time and convenience is important. I don't want to spend half a day shopping, just get in and out."* (Kimberly, Loyaltybot) Participants are reliant on mobile to browse and shop on the go. Eight out of ten use contactless cards when shopping, while more than half use their mobiles instead of laptop/desktop to research and purchase products.

Time and method of search in all age groups

— I always use comparison and review sites to research products

— I take a week to research products and services before I buy or sign up

Adobe's take

This report illustrates that brands need to embrace this fragmented customer journey and the multiple channels it involves–online and offline experiences. Consumers see consistency as a key element to loyalty – the great and personal experience you may have in a store needs to be consistently reflected in the website, the mobile site, the call to customer services, your intelligent assistant and so on. Consumers will use all of these devices and want services available to them at all times. To optimise the customer experience, you must understand your customers, coordinate their experience across channels and deliver the right experiences at the right time in real-time using the latest data, and then measure the impact of that interaction.

☑ Help consumers filter Choices

- **Choice is overwhelming**

- **Functional buyers use digital tools such as aggregators to filter choices. Buyers that are emotionally attached to brands are becoming scarce**

- **Individuals use digital to navigate the purchasing journey in their own way**

Brand loyalty[1] can make it simpler to choose products. When our typical brand is not easily available to us, the challenge is that we are often pressed for time and must decide whether to exert more energy to obtain it. Knowing what to choose is increasingly difficult as digital can mean more choice and information—46% of our survey respondents are overwhelmed by choice.

Overall, younger age groups feel more overwhelmed than older consumers [18-34, 60% and 65+, just 37%]. Younger populations are using digital to access a wider range of options, meaning they see more possibilities. But digital information can lead to more systematic and analytic decision-making (because it provides a richer source of information) and it can also promote fast and experimental processing because what we desire is not the product itself, but the ease with which we can get it.

Ultimately, it depends on how each user blocks out the noise. Digital shortcuts such as comparison sites uncover both known and unknown brands, leading to more than 51% of survey respondents saying they would buy a product they haven't heard of before.

51% of survey respondents say they would buy a brand they have never heard of, showing increasing trust in online reviews.

Individuals develop their own way to navigate choice through on and offline channels. Consciously or not, they set out on the purchase journey with a plan. Some start with broad search engines or review sites, although more product searches now start on Amazon than Google[2]. As Gorkan Ahmetoglu suggests: *"In terms of digital, different brands are becoming easier to purchase. It's more difficult for brands to eliminate competition and therefore, one can say it is likely that loyalty is decreasing towards any particular brand."*

Six out of ten of our participants check reviews on the brand's website, showing trust to the primary provider. Seven out of ten participants also indicated that they 'always read online reviews before purchasing a product or service', showing greater trust in information from the public than personal connections.

As Ahmed puts it*: "It's better to get a broader perspective on a product. Although I may check the product with family or friends, online communities are better for the bigger picture."*

Social media is increasingly influencing decision-making. Emily says: *"I don't stay loyal to brands. Social media lets me discover different brands. I also read comments on personal profiles that refer to branded products, as this feels non-biased."* A recent *Forbes* article agrees: *"Brands that go viral on social media generate customer reactions, engagements and referrals by leveraging the power of social proof."[3]* Kimberly makes it clear: *"I have no loyalty to brands – only style, quality and price."*

Platforms such as Amazon almost interrupt brand loyalty with their vast choices. In a digital world, it's difficult for product and service providers to ensure a consistent experience when there are so many voices.

Duncan Anderson suggests: *"People will commit to a platform perhaps because they know enough of the things in it are excellent and others are good enough. It is loyalty to the overall platform. You might not even realise that one of the parts is not the best or cheapest, but you stop comparing, you accept that Amazon (as a platform), for example, offers a good enough experience so you don't bother looking anymore."*
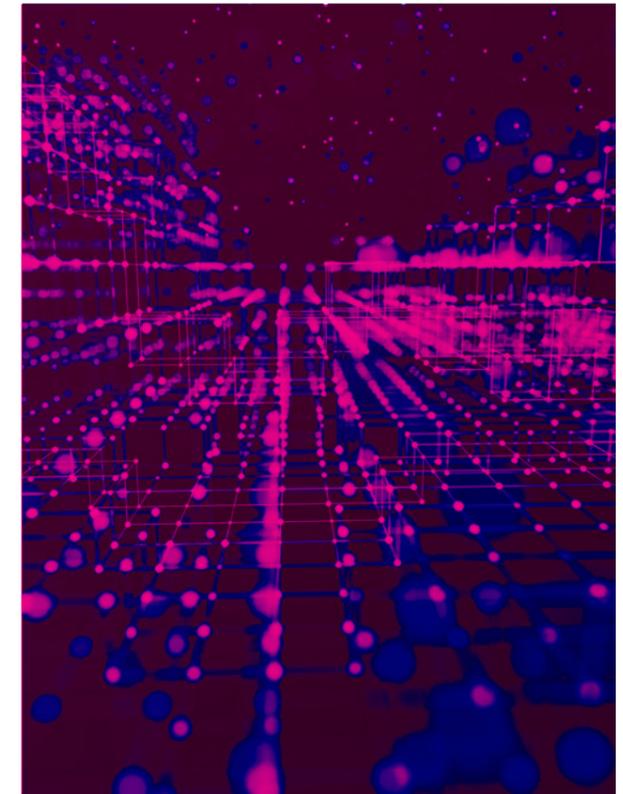
Adobe's take

Today there is much to disintermediate brands and their customers – aggregators, marketplaces, apps and even social media – and this can erode brand loyalty. AI can play a huge part here in understanding the content and context of what is being said by consumers and feeding that insight back into the marketing strategy to take advantage of what is happening outside of what you control. This is essential for making sure that the brand is providing consistent experiences no matter where the consumer is.

Differentiate through immersive experiences

- **Immersive experiences promote loyalty**

- **Focus on the emotional connection**

- **Consumers want engaging and informed conversations with brands**

Research suggests that we increasingly see brands as both part of, and extensions to, our lives[4]. We seek multi-dimensional experiences. Consumers are looking for a connection with brands, and our loyalty is to the "engagement experience" that it offers us.[5] This engagement is central to our emotional connection to the brand and, ultimately, to the emerging self.

Technology provides multi-dimensional experiences that can develop a brand's meaning and purpose.[6] Adobe's John Watton suggests the value of uninterrupted experience to surprise and delight customers: *"There's nothing more delightful than getting that serendipitous email from a brand that gives you exactly what you want… and with a discount. The consumer thinks: 'How did they know? That's perfect timing, I've been looking for that.' That's a great experience."*

Participant Kate backs this up: *"I love a free gift and money-off promotions. I regularly buy when I receive a promotional email from somewhere like Victoria's Secret."* Simple but effective, the consumer feels
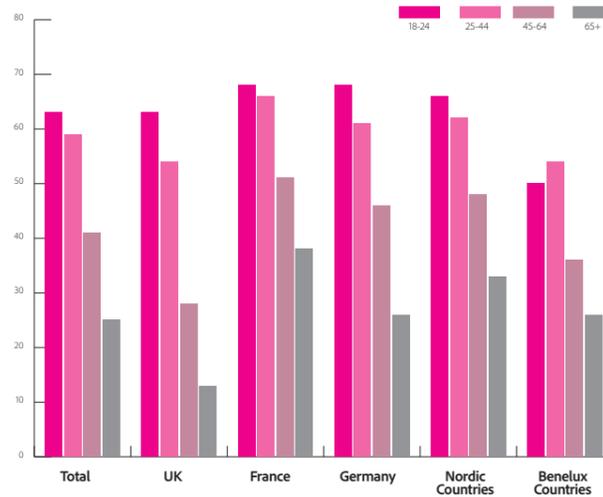
I get excited by brands that use the latest technologies to provide experiences that surprise and delight me

heard and engages emotionally with the brand, creating a valued relationship.

Eight out of ten participants agreed with the statement 'I am loyal to brands that offer delightful experiences' over options that focused on price, premium quality or strong brand names. Half also said they are excited by brands that use the latest technologies to create delightful experiences.

Emerging technologies such as Virtual Reality, Augmented Reality and Mixed Reality scored high in our participants' preferences, providing a unique sense of experience that would encourage repeat business. Duncan Anderson, CEO and co-founder of Humanise.AI, notes the power of technologies like Augmented Reality mixed with algorithmic predictions – when we can see the chair in our

living room before we buy. Our loyalty shifts from the offer of quality to the type of technologically enhanced service the company provides. This kind of experience is convenience at its best.

Lars Trieloff, Director, Platform Marketing and Strategy at Adobe, notes: *"There's a first-mover advantage for brands. The earlier they jump onto a new channel, the more time they have to learn what the route to success is. This means they can understand how the data they have can create great experiences quicker, creating magic and building better connections with customers."*

More than 50% of surveyed consumers said that regular use of innovative technologies enhances the consumer experience, with younger generations and higher income earners more willing to engage in immersive experiences.

I feel good about brands that continuously introduce new technologies that improve my experience as a customer

38% UK
54% London
56% France
45% Germany
60% Nordic Countries
52% Benelux Countries
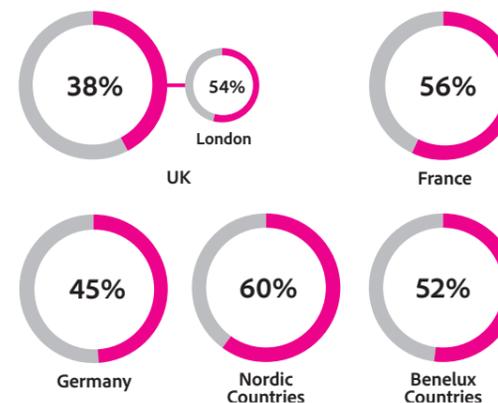
Adobe's take

Businesses and marketers can be overwhelmed with the pace of technology change, what will be the next big thing and where to put their investments. More and more consumers want to be entertained; they want experiences that delight them as well as help them to get what they want and need faster. As brands, we have the power to change the way we interact with consumers, and the availability of technology allows us to take risks and be curious. This is not about blindly using the shiny new technology tool – we now have the data that tells us what's working and what's not working and that allows us to be creative about how we deliver experiences that foster consumer loyalty. If brands don't use the platforms and tactics that match where their customers are, they risk loss of revenue.
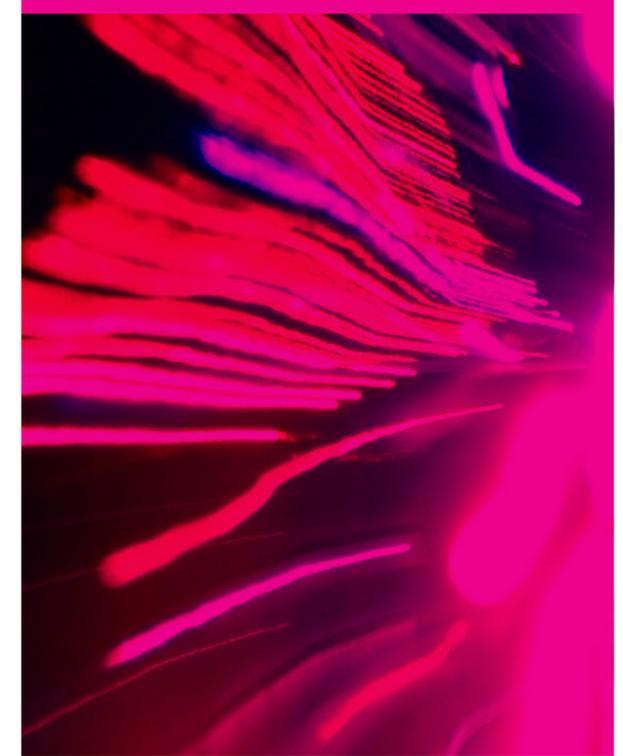
AI: THE ENGINE that
powers the new loyalty model

Consumers are open to AI being used to improve brand experiences – the 2016 Future of Experience study by Adobe and Goldsmiths found that over half (52%) of research participants would be happy to help 'teach' a machine if the feedback improved a number of elements in their lives. Participants testing AI were also excited about its potential in terms of making life easier.[7]

With this in mind, we expect that brands that find ways to use AI to help them adopt the new ABCD of Brand Loyalty will continue to differentiate themselves from their peers in the minds of their consumers. We have already detailed some of the ways it can help, which sit across three areas:

- Computational Creativity: by bringing the science of data into the art of creativity, marketers can test their ideas in real time, make updates as needed and launch effective campaigns that minimise wasted efforts and improve relevance for their consumers.

- Experience Intelligence: this is the fuel that drives the experience-led business. Combining the data marketers need to be aware of – sales, consumer opinion, shifts in demographic – with the ability to automatically derive and communicate actionable insights will form the bedrock of organisational intelligence required for delivering great experiences at scale.

- Understanding Content: we've seen an explosion of content, and brands need to be able to make sense of this. Content is critical to delivering great experiences that are meaningful to the consumer. By using AI to understand images and combine these with text analysis, marketers can achieve personalisation as well as orchestrate meaningful interactions with their consumers, at scale.

The focus on computational creativity, experience intelligence and understanding content will improve the quality and ubiquity of relevant experiences, that will make life 'easier' for consumers – a key factor for consumer adoption of AI. As brands start as well as continue to invest in their own AI capabilities, they must focus on the following key areas outlined on the next page.

Help me discover what's hidden:

Brands need more than creativity to create the world's best experiences. They need knowledge – about their audiences, their content and how their experiences are perceived. With a deluge of information, knowledge is still hard to get by. AI needs to help brands discover what's hidden.

Help me accelerate what's slow:

Speeding up a slow process can be liberating. As well as freeing up time, it also allows marketers to create real-time experiences that adapt to customers as needed.

Help me decide when it matters:

With consumers overwhelmed by choice and limited on time, being able to make fast, rational decisions is important. Technology can enable real-time decisions when humans are too slow, as well as help with optimising the solution to their needs.

Serve the creator, respect the consumer:

Anything powered by AI should act in the best interest of the creator. This means that it should be free from manipulation, deception and invasions of privacy.

Bring the magic of technology to experiences, use experiences to make technology magic:

This combines three elements – magic, technology and experiences. Brands must reimagine how they exploit technologies (that feel like magic in the eyes of the creator) to create experiences that feel like magic in the eye of the consumer. This shouldn't be limited to specific branches of AI such as machine learning or deep learning – it can also include advanced algorithms.

Reviewing AI technologies against this criteria will allow brands to maintain their integrity, while ensuring that AI can make use of their data in the ways they need it to.
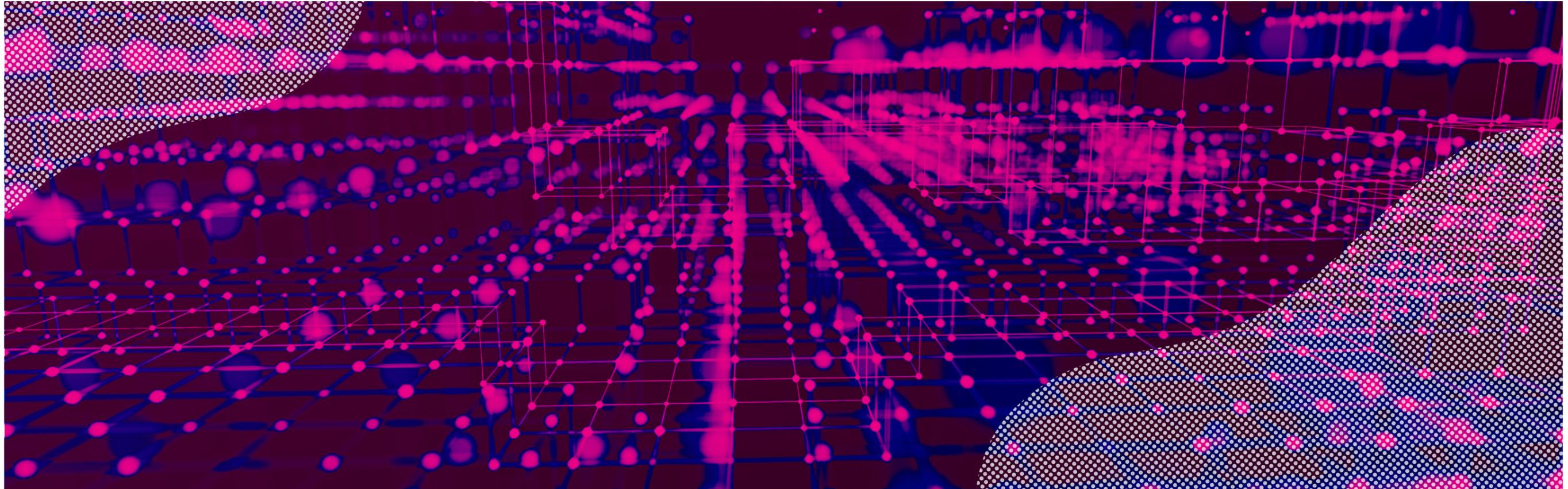
Applying AI to the new ABCD of Brand Loyalty

To support brands in using AI to navigate a new era in brand loyalty, we've paired the new ABCD framework up with some ways AI can be used to achieve them.

Give people an Adaptive experience

AI-infused platforms can relate to the user's needs and have the power to not only recommend products/services relevant to their past searches, but also identify future needs. Machines will know the consumer in a way previously impossible and predict their requirements.

Connected devices and the rise of Internet of Things (IoT) will simplify repeatable processes such as restocking your shelves. Smart products will be able to maintain themselves; for example smoke detectors can order new batteries before they run out and start beeping. HP is already doing this with its Instant Ink service.[8]

Brands that have an individual conversation with consumers–focused, adaptive, relevant to an individual's voice and needs–will be the leaders in new loyalty. The smartphone is a unifying device–an extension of the arm–and with it the data to power algorithmic responses to our everyday activities: to drive information directly to us and to solve our problems with depth of knowledge and commitment to the individual. Companies such as Apple are already investing in this area to enable brands to captialise on this opportunity.[9]

Be wherever the consumer loves to be

Shopping assistants empowered with smart devices can spot and assist customers in-store to provide a seamless journey by breaking down the process of shopping.

Customer services teams who recruit AI assistants can offer a competitive advantage to businesses as they will be always online, always available and equipped with the right answers.

Help consumers filter Choices

Consumers already use comparison sites and filters to walk through all the available options. Such conveniences will adapt to an AI-infused future and provide greater precision via algorithmic response for precise choices.

Machine learning and algorithms are making a number of decisions that have a big impact for consumers. Individuals are seeking the tools and know-how to understand data-based influence – and the effect it can have.

Differentiate through immersive experiences

Conversational commerce and the use of chatbots is starting to change the main pathways of communication with brands.

Immersive technologies that mix physical and virtual realities are also starting to prove their potential while providing unique and meaningful experiences.

Brands must work out how to use data and AI in a way that allows them to have a 1:1 conversation with an individual, at scale but in a cost-effective way.

CONCLUSION

With unstoppable acceleration in the digital space, the rules of how businesses operate and how consumers function have been shaken, stirred and transformed in all possible ways. Businesses risk losing half of their custom to consumers who will go with unknown brands if the offer looks better. Our digital lives mean that having a consistent experience across channels is non-negotiable.

Without taking away from the valued convenience provided by digital advancements and mobiles, human beings still tend to make decisions using their heart and emotions. However, the modern consumer comes from an age of information and has a strong digital identity that gives them a clearer insight into what they need and when they need it. Consumers have started to make impulse decisions on the go and save their preferences/options on their devices to simplify the process. As a result, innovative experiences are becoming a game changer in serving consumers and combating their oversupply of options.

Due to the way customer behaviours have shifted, it's now safe to say that a few basic concepts will

always accompany loyalty. Most importantly, trust and transparency are non-negotiable features, while satisfaction based on creating value for the customer cements the loyalty cycle. Online communities and aggregation platforms substitute traditional forms of influence, as saving time becomes of unparalleled importance.

The updated model of loyalty is a call for the marketer to use all of their available data to get closer to their customers: learn how they feel, think and move. Applying the new ABCD of Brand Loyalty will help brands use the data they hold in a more effective way, to create meaningful experiences that support consumers as they navigate overwhelming choice.

We engage, relate and purchase things because of the experiences organisations provide, thanks to their transformative power.

Loyalty will never look the same again. Brace yourself or you will lose out.

What's next?

With the new model for loyalty uncovered, we will now be developing a Loyalty Benchmarking Tool and testing this model with businesses. We'll aim to provide clear insight into the commercial impact that good and bad loyalty practices have on a business, and suggest how brands can adapt to this changing environment.

APPENDIX

The research used a mixed method approach to test the hypothesis: *Digital transformation and proliferation of choice are transforming the characteristics of loyalty.*

The process of researching innovative technologies requires an agile methodological philosophy that is able to incorporate a diverse range of methods to test the hypothesis.[10]

Methods include:

- Extensive desk research: academic and media articles and related industry reports were used as a guide to form the hypothesis while identifying the dimensions that impact loyalty.

- Subject Matter Expert interviews: these included academics, industry experts and third party commentators focusing on verifying and commenting on the loyalty dimensions.

- Digital Ethnography: a messenger chatbot named "Loyaltybot" was built to deploy various tasks to participants as part of the workshop. Each task was placed in the context of the 'Consumer Experience.

- Participant survey: all participants completed a survey designed to identify their buying behaviours and their digital embeddedness status. These results were then combined with the outcome of their personality profile to draw their individual consumer profiles.

- Digital tools: the tasks were designed to remind participants what digital tools brands usually use and then they were asked to provide feedback about their experiences when using those tools. The tasks were coded according to the loyalty dimensions with the goal to uncover loyalty moments during the consumer experience, when using only digital tools.

- Workshop: after completing the set of chatbot tasks, all participants interacted with one another by taking part in various activities and expanding our understanding on how they make decisions when they purchase goods while pinpointing loyalty moments during their purchase journey.

- Consumer survey: insights from the combination of methods and factor analysis were verified quantitatively through a questionnaire amongst 1,000 representative adults 18 years and older in each of five regions: UK, France, Germany, Benelux, Nordics (total 5,000).

FOOTNOTES
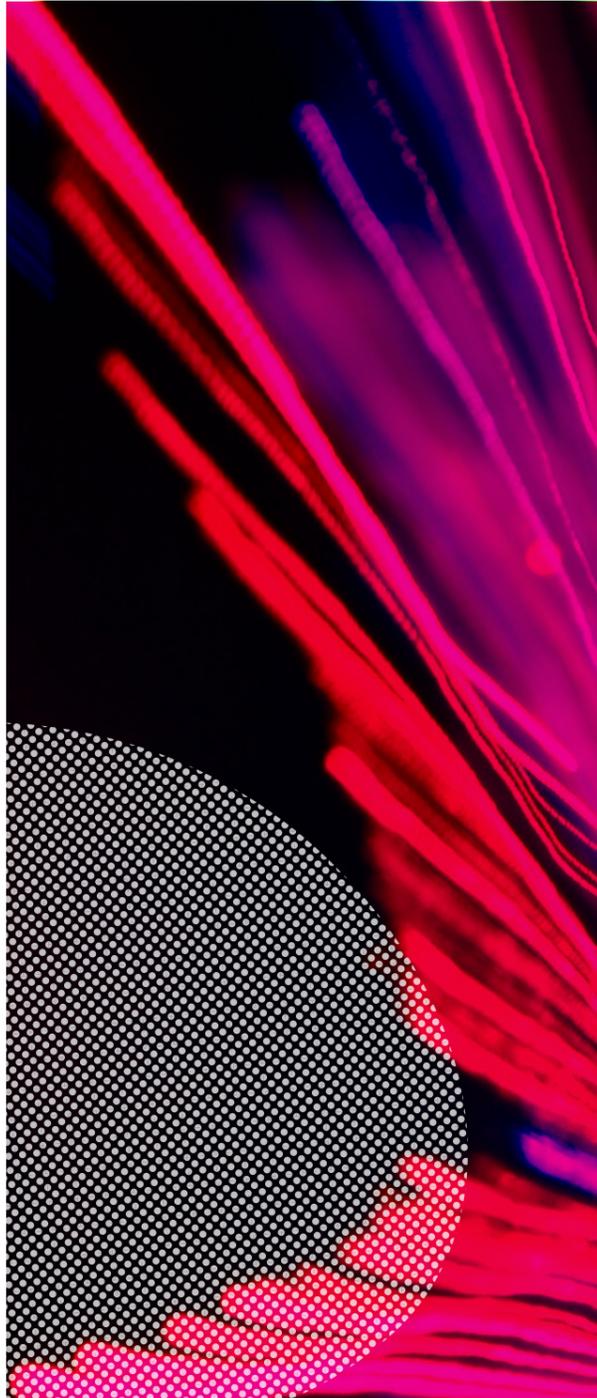
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