**Loyalty and the Rise of Hyperconvenience**

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**“Alexa, has one of the foundations of loyalty been turned upside down?”**

Siri, Alexa or Hey Google cannot answer nuanced questions about marketing strategy… yet. But as they and other tech advances become ubiquitous enablers of everything from watering our lawns to ordering pizza, they may change one of the most basic features of traditional loyalty programs: the value exchange.

**The Classic Loyalty Value Prop: Rewards for Sharing Data**

Modern loyalty programs were introduced in the 1980s as an incentive to get customers to identify themselves and share data with marketers, who could then market more effectively. Marketers began to build the huge data infrastructure we know today; there is almost incalculable value in the oceans of customer data available now. And what did consumers get? They received offers, content, perks, and experiences of relevance and value.

Oh, and one more thing: they got rewards.

In order to convince customers that it was worth their while to share information, marketers had to provide tangible rewards, such as free flights, free nights, discounts, upgrades and gift cards. The holy grail for marketers was a reward of high-perceived value and low actual cost (i.e. “reward leverage”). That’s why the perfect reward was an airline seat or a hotel night; if unsold, those commodities could be given away with no incremental cost, but a high value to customers. Soon, banks, retailers and hundreds of brands and services were finding ways to reward data sharing and other desired customer behaviors.

Yet today, despite rising concerns around privacy, as you can read about in Know What Data Privacy Means for You in a few pages, millions of consumers are willing to share some of their most personal data while receiving little to no reward or material incentive.

**From Share of Wallet to Share of Life\***

Loyalty programs have always been about gaining and retaining share of wallet in a given category. With many competing brands being equal, programs are often tie-breakers, guiding consumer choice, turning choice into habit and building emotional loyalty with recognition and status. Today, more holistic loyalty strategies embrace much more than simple brand choices.

Technology unimagined 10 years ago is actually facilitating all kinds of behavior today. Smart assistants not only help consumers buy stuff; they answer homework questions, hail rides, order take out, connect to kids away at school, turn on the AC and reorder milk before it runs out. They have become what one observer has called, “the operating systems of our lives.”

**Who is Leading this Revolution?**

The examples of this phenomenon are all around us:

* Not surprisingly, Amazon is a leader, having moved from the world’s biggest bookstore to the everything store with the ultimate loyalty program: Amazon Prime. Prime is now second nature for millions, not only to buy things and enjoy fast, free shipping, but also to deliver entertainment and other conveniences. The goal is to make consumers’ lives easier. Apple and Google have essentially done the same thing, creating indispensable smart assistants that enable consumption, communication, interaction, entertainment and most of all, convenience.
* Starbucks, the inventor of “the third place,” continues to grow as an ecosystem powered by their loyalty program and mobile app, which can be addicting in their breadth and convenience. You can find a store, place your order and earn and redeem rewards in real time, all while streaming music from the Starbucks app.
* The third-place concept on steroids powers the rise of The We Company, which has the goal of providing consumers with, “everything you need to make a life, not just a living.” The company now has schools, gyms, residences and of course, WeWork shared workspaces.
* Capital One, having answered the burning question, “What’s in your wallet,” now asks, when was the last time you actually walked into your bank? Accordingly, they have introduced the Capital One Café, where you can have a snack, hang out, work and socialize, with resources available to apply for a mortgage or credit card. This may sound like a stretch, but anecdotal research suggests consumers are embracing the idea; in Washington, D.C., young professionals visit the Café for coffee and even yoga classes!

**Welcome to the World of Hyperconvenience**

While there is an enduring need for material rewards as a key element of loyalty programs, the loyalty value proposition is clearly evolving. The new model includes an addictive brew of convenience, instant gratification and unity between the once diverse activities of commerce, dining, transportation, communication, working… in short, living.

In delivering this convenience and building consumer habits – one of the key emotional drivers of loyalty – these brands have seamlessly worked themselves into many people’s lives. And of course, every time a consumer asks Alexa to buy something, connect with someone, answer a question or make life more comfortable, valuable data is being shared. In many cases today, instead of rewards, customers get the convenience they can no longer live without.

Any brand focusing on fostering loyalty and engagement needs to be part of this evolution. Loyalty marketers need to ask how they can best anticipate and solve consumers’ problems and reduce the friction involved in everyday transactions and interactions – in other words, how marketers can make consumers’ lives easier. Hyperconvenience is becoming an increasingly valuable currency – marketers who fail to address it may be left behind.

\*Credit for coining “Share of Life” is due to veteran marketers Stan Rapp and Sebastian Jesp