

What if a unified
platform could
help you outpace
customer demands?



The better the question. The better the answer.
The better the world works.

EY

Building a better
working world



PEGA

A new age in loyalty: delivering value through personalization with purpose

Q2 2023



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Agenda

- 1 Loyalty today
- 2 How to build an effective, personalized loyalty program
- 3 How Pega's Customer Decision Hub can drive loyalty personalization
- 4 Live demo and Q&A

62%

say lack of personalization negatively impacts their loyalty to a brand

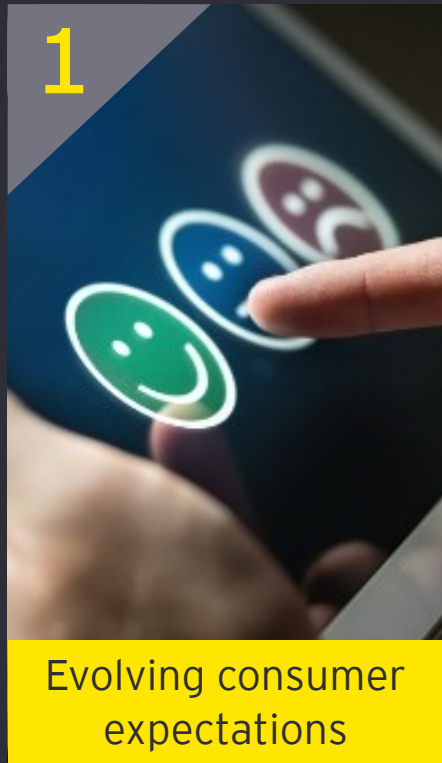
Statista, 2022



Why is personalization critical for customer loyalty?

Our clients still struggle to build and operate personalization at scale

Market forces



60% of companies report
loyalty customers
spend **2-3X more**
than non-loyalty

Evolution of Loyalty

- 5 years** ● Reward values were a top determinant of success
- Present** ● Customer service is a top driver of success
- +5 years** ● Digital and omni-channel access will become most important

69% of C-suite executives
report their **loyalty**
investments have grown
in the past two years

37% of loyalty programs
utilize personalized
rewards or offers

\$75b

Spent on global
loyalty
management

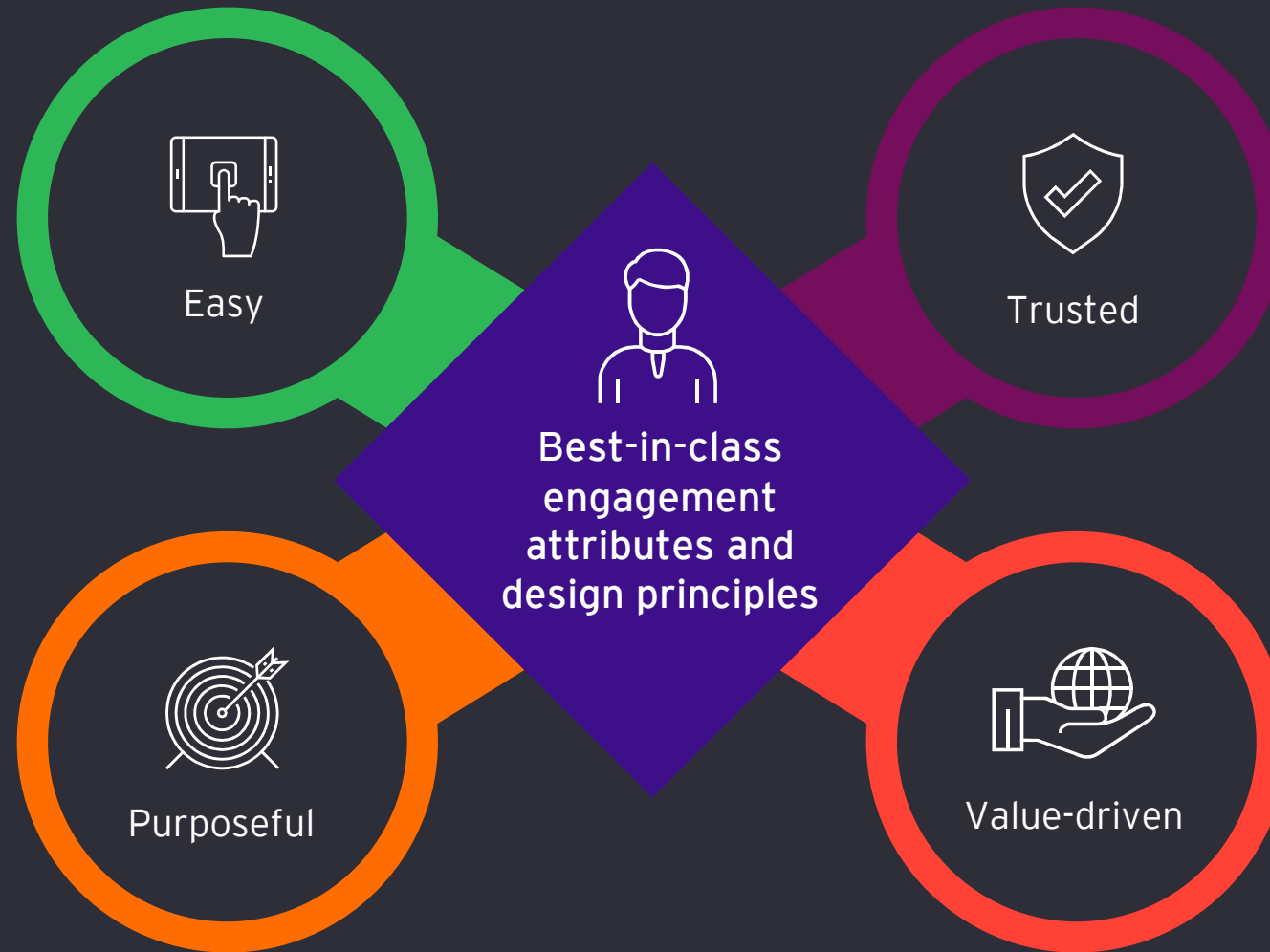
Companies are
spending up
to **4% of total**
revenues to
activate customers
and create
personalized offers

Sources: LoyaltyOne Big Picture Report 2019 and Antavo North America Customer Loyalty Report 2022

The concept of loyalty has evolved as customers expect personalization and differentiated program features



Successful loyalty programs must be rooted in trust, ease, value and purpose



As a result, loyalty programs have evolved to enable greater relevancy, and a direct and personalized relationship with customers



Rewards



Status



Membership



Community



Purpose

Objectives

Build customer loyalty based on transactional behaviors

Incentivize customers to purchase more to reach a higher tier for increased rewards

Encourage customers to unlock access to new rewards through membership

Redeem experiences with a community of people with similar interests

Use rewards to give back to society by aligning customer and business values

Impact

- ▶ Low engagement level
- ▶ Increases referral rates

- ▶ Increases transaction amounts
- ▶ Reduces churn rate

- ▶ Encourages stickiness
- ▶ Increases retention

- ▶ Increases deeper, personalized experiences
- ▶ Encourages interactions amongst customers

- ▶ Increases customer connectiveness and engagement
- ▶ Strengthens brand image

“

What does it take to deliver
effective, personalized loyalty
programs at scale?

Successful loyalty programs exhibit share six common characteristics

Success factors to embrace



Simple



Accessible



Variety



Inspiring



Memorable



Personal

Successful loyalty programs avoid common pitfalls

Common pitfalls to avoid

Segmentation



Elitism



Complexity



High cost



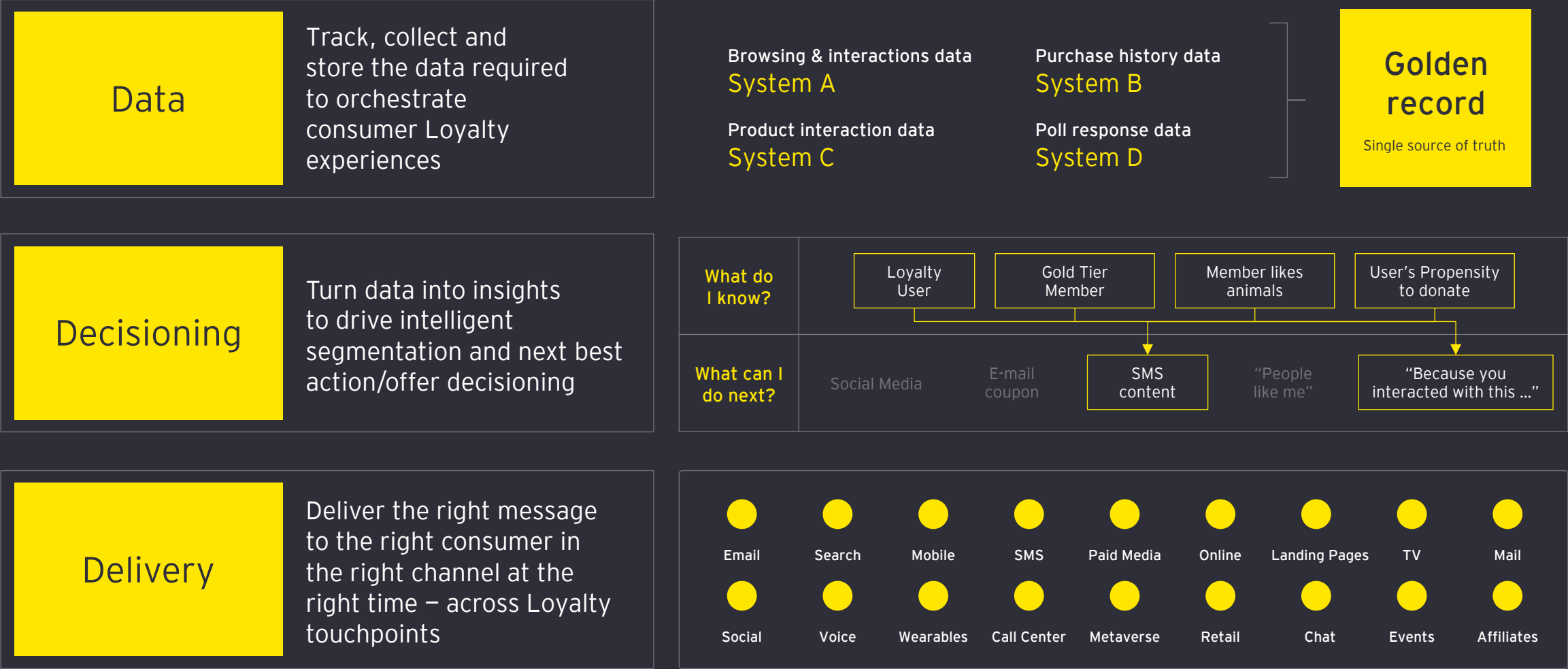
Lack of control



Undifferentiated



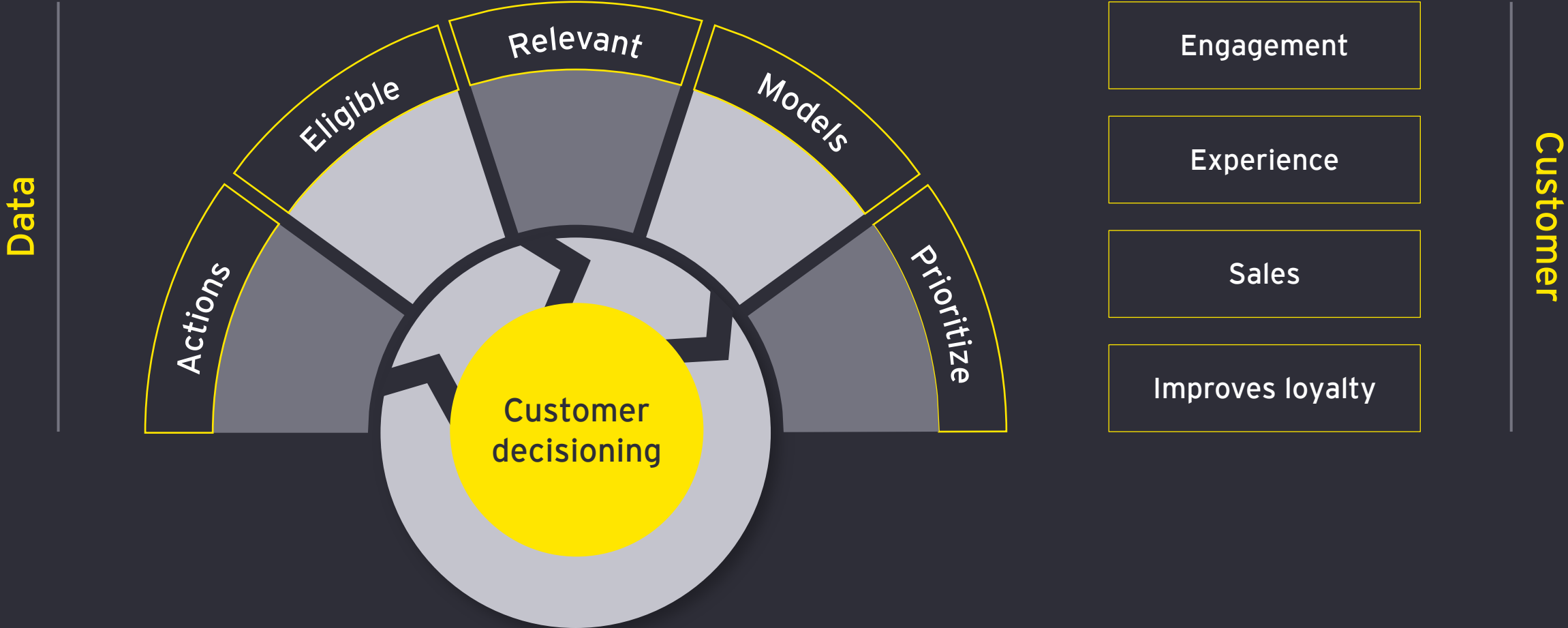
Every organization needs three core capabilities to bring loyalty to life with personalization: data, decisioning and delivery



“

How can Pega's Customer
Decision Hub help us
personalize our loyalty
program?

How you can leverage Pega to enable your loyalty program



Key features of the solution

1

AI-driven recommendations

2

Predefined data model

3

Reporting and attribution

4

Rapid speed to market

Journey Scenario 1



Esther

40 years

Atlanta

Married

3 children

Awareness

User sees loyalty program advertising about exclusive benefits and scans a QR code or follows a link. The user is taken directly to the application in the app store.

Engage

On first login, user provides interest categories. User is presented with a good deal based on interest selection and a walkthrough of the tier program.

Up-sell

User receives tailored offers based on their browsing, purchase, interest, location, and in-app polling data based on their point total. User-provided group data informs offer decisions.

Retain

User receives points for interacting with the app. If a coupon opportunity occurs after a purchase is made, points are applied to the loyalty account. List functionality and charity donations keep the user coming back.

Channels

In-store ads, verbal on checkout, receipts, packaging, email, website, social media

Mobile, web portal

Mobile, web portal

Mobile, web portal, social media

Experiences

Quick understanding of app benefits - early releases, discounts, points
Fast interaction with QR code or link
Easy account creation using email or phone - no username to remember
Verify through text or email

Interest categories enable personalization immediately
Immediate reward sparks interest early
Explanation of tiers promotes use
Intuitive points system

List creation and sharing provides avenue for more purchases/
informs data model
Complimentary product recommendation
Location and prior-purchase based recommendations

Early releases for top tiers of program
Points for logging in/completing polls
Retroactive coupons
Curated content lists and sharing
Charity/sustainability

Journey Scenario 2



Andrew

42 years

Texas

Married

2 children

Offer

Based on his browsing history, interests, and purchases, Andrew gets a 25% off offer for a speaker system to go with his new TV via the mobile app; he receives an email to this effect. He gets the offer as he is leaving work.

Redemption

Andrew clicks on the offer in the mobile app. He can optionally redeem the reward online and have the speakers shipped, or he can go to the store, collect the speakers, and redeem via a barcode that he or the cashier scan at checkout.

Reward

The total dollars saved are added to Andrew's loyalty app. Andrew also receives points for redemption and any other purchases he made in the store. He even makes it to the next rewards milestone and receives free coffee!

Channels

Web portal, mobile app, email

Mobile, web portal, checkout

Mobile, web portal, social media

Experiences

Andrew gets his offer via the mobile app; he first notices the offer in his email or in a push notification, which he has turned on. Alternatively, Andrew could learn about this offer in store via the cashier via guided selling.

The timing of the offer is crucial. This occurs when Andrew has recently bought a new TV, and the offer comes as he is leaving work so he can stop by the store.

Having the option to pick up online or in store provides flexibility

QR codes are easily scannable with no hassle

QR Codes can be added to Apple Wallet for quicker access

Getting Andrew in the store encouraged him to purchase some additional items for dinner, which helped him reach his next rewards goal.

Andrew sees a congratulations message on the self checkout screen and checks his app – he's gotten a reward for free coffee.

Andrew posts about it on Facebook.



Live demo:

Pega Customer Decision Hub

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