



The Ultimate Guide to Replatforming Your Loyalty Program

Tips and tricks for a successful platform migration

HTK

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INTRODUCTION

Do you need to replatform?

52%



Customers who feel an emotional connection to a brand are 52% more valuable¹

41%



of consumers say that loyalty programs make them feel more loyal towards a brand²

If your loyalty program has been ticking along for a few years, there's a good chance it's in need of an update. And not just because its branding looks a little out-of-date.

The mechanics of customer loyalty have changed, and most loyalty programs haven't kept up.

Legacy platforms might be great at running "points-for-prizes" style programs, where purchases equal points, and points lead to discounts. But this type of program is losing its edge.

Research has shown that customers who have an emotional connection to a brand are more valuable and more loyal.

And traditional, transaction-based programs generally aren't designed to grow these connections.

They also tend to sit quite sepa-

rately from the rest of the business — with the program (and the team that owns it) taking full responsibility for maintaining customer loyalty.

A new era

The future of loyalty looks a little different. Rather than being based on transactions alone, loyalty programs should reward customers for their loyal behavior — recognizing the relationship, not just their spend.

And instead of a standalone program, customer loyalty should be part of a business-wide strategy based around better experiences.

A loyalty scheme simply becomes one of the methods of delivering this experience.

If your current platform can't support these initiatives, you'll need to upgrade it (or "replatform") within the next couple of years.

1. Harvard Business Review, <https://hbr.org/2015/11/the-new-science-of-customer-emotions>

2. Forrester, <https://go.forrester.com/blogs/how-consumers-really-feel-about-your-loyalty-program/>

Of course, it takes a combination of the right strategy and the right software to earn and nurture loyalty.

So a migration project should include a refresh of the program's mechanics, its value proposition and the overall CX — as well as the tech that makes it all possible.

But if you're like most marketing teams, you've got a lot of ideas and initiatives on the whiteboard. How do you decide whether migrating to a new loyalty platform is a high priority?

Signs it's time to replatform

If your program is suffering from two or more of the following ailments, it's a good indicator that both strategy and tech need an update.

1. Member engagement is low

If members aren't engaging with your program, it means they're not deriving value from it. And no value means no opportunity to grow loyalty.

Low engagement can also lead to

high points liability, which can put your business at risk.

To spot it, look for a combination of declining enrollment, low reward redemptions, and/or fewer points being earned.

2. It's all about the transaction

Emotional connections beat transactional ones when it comes to building loyalty. And these happen when customers feel recognized, appreciated and valued.

If your platform is limited to rewarding customers' spend or frequency (and can't recognize other behaviors that indicate loyalty), your program will struggle to compete.

In a similar vein, you may also find that it struggles with personalization beyond name and points balance.

3. It's expensive to upgrade or make changes

Legacy platforms (or homegrown solutions) can be difficult and costly to upgrade — which is a problem when customer expectations

change as quickly as they do.

To keep delivering value to your members, your program must be able to adapt quickly.

Optimization is also essential — whether that's testing new rewards, point-earning mechanics, or redemption processes.

No program is perfect right out of the gate, and without the ability to continuously improve your approach, you'll see lackluster results.

4. You're struggling to measure (or deliver) ROI

Flush with customer data, loyalty programs should be able to show that members purchase more than non-members — and more than they did before they joined the program.

But if you're not seeing those results — or have no way of proving them — you'll struggle to show other stakeholders the value of the loyalty program.

If these problems sound familiar, you're probably at an optimal place for a platform migration.

Read on for a walk-through of the replatforming process, and how to ensure it goes smoothly.



DEEP DIVE

The Replatforming Process

There's no getting away from the fact that replatforming is a big — and potentially risky — project. It can be difficult to know where to start.

In this section, we'll walk through the four stages of the process, including suggestions for reducing the risks.

Stage 1: Research & planning

Like any big project, smart replatforming starts with planning. Working out exactly what you'll need before you start shopping around makes the whole process less risky.

And rather than diving straight into a wish-list of exciting new features, it's important to think about the overall strategy for your program first.

While the tech behind your program is important, it's not a magic bullet for success. And as we outlined in the first section, an overall loyalty strategy — not just a standalone

program — is increasingly the way forward.

The end goal of this stage is to create an outline of what your new program should look like, to help you select the right vendor going forward.

And that outline needs to be supported by a clear strategy, driven by the goal of creating value, both for your customers and your business.

Prioritize customer understanding
To start, do some in-depth research into what creates value for your members — and what doesn't.

If you have a formal Voice of the Customer (VoC) program, this may be a good place to start. If not, try running a survey, using social listening tools, and speaking to customers in person.

It's also worth talking to your customer support team, sales team and other front-line staff, to understand their perspectives.

Then, try to answer the following questions :

- What adds value to our members' relationship with our business?
- What are we trying to achieve with our program? (e.g. retain customers, drive cross-sales, grow brand advocacy)
- What are our competitors doing with their programs? What elements are table-stakes? How can we differentiate?
- What about our current platform is preventing us from doing so?
- How will this program fit into our wider loyalty strategy?

Doing so will help you formulate a solid program strategy, and help you plan what this will look like in practice.

Once you've agreed a strategy with any relevant stakeholders, you can start to outline what the program itself will look like.

You don't need to map out the exact business rules yet, but it's important to have a pretty clear idea of how you want the program

to work, as this will inform your vendor research.

As you do this, keep in mind the overall objectives of your program and what your customers value — then think about ways you can practically build these things into your program.

For example, if your goal is to increase member engagement and your members value social status, you might consider building gamification into the program through badges or a leaderboard.

It's also important to consider whether you'll want to run the program entirely in-house, have the vendor/an agency manage it for you, or use a combination of these.

Taking things in-house will probably be cheaper — and gives your team greater control. But it's only worthwhile if you've got the time and skills to manage the program effectively.

Weigh the benefits and feasibility of each option, so you know what services you'll need a vendor to offer.

Finally, you may want to enlist the help of a consultant or agency that specializes in customer loyalty, to help you gather information objectively, and translate it into an effective and forward-thinking loyalty strategy.

Stage 2: Choosing a vendor

At this stage, you should have a basic outline of how your new program will work, including:

- If you're using points, how will members earn them?
- If you're not using points, what will you do to recognize and reward members?
- What rewards will you offer?
- What elements of the program will be personalized?
- How will customers engage with it (e.g. mobile app, card, etc.)?

There are lots of vendors in the loyalty software space, so it's easy to get a bit paralyzed by the options during this phase. Having the answers to these questions mapped out will help you start building your shortlist quickly.

Your plan can still be flexible at this point, though. As you learn more about what's technically possible, you'll start to clarify the exact design.

It's also important to look for a platform that prioritizes innovation. Otherwise, you may end up needing another replatforming project in a few years time, to catch up to the latest customer expectations.

Look for vendors who are already offering (or at least working on)

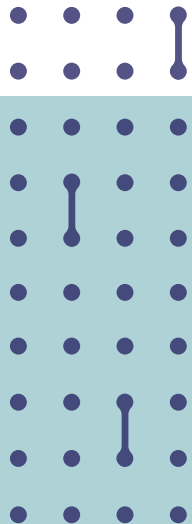
Don't forget the data!

Customer data might feel like a bit of a minefield in our post-GDPR world, but it's actually a huge opportunity.

Data fuels personalization, which is great way to build emotional connections with your members — as long as you keep the focus on adding value.

Think about how you can apply data to make a member's experience more relevant or convenient.

Then, make sure your chosen platform can help you collect, analyze and act on any information you need to make this happen.



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things like: engagement-based programs (i.e. earning points or rewards through behavior, not just spend); machine learning for program personalization; and IoT / voice integration.

Once you've got a shortlist, the next step (for most companies) is to put out a Request for Proposals (RFP) and invite the vendors you've picked to respond.

In your RFP, you'll outline the specific requirements of your program and any integrations you'll need. Each vendor will then respond with a formal document that explains their proposed solution and pricing.

Typically, the strongest performers in the RFP will be invited to demo their solution, before a final choice is made.

The format for this largely depends on your internal decision-making process — but here are some key things you'll want to find out:

- how they handle data / security
- how the migration and integration process will work

- key features of the software
- their product roadmap
- what they believe makes their solution different
- how they'll work with you and the training / support they offer

A good RFP includes specific requirements and program objectives, so that vendors can clearly state how their solution meets your needs.

Be sure to include any integrations you'll need — think about your CRM, website, marketing channels, and systems at any physical locations.

Look for a vendor that offers APIs for joining up these systems, not just out-of-the-box integrations, as this will give you the greatest flexibility.

And engage with your IT team early on to ensure key requirements are covered.

During this phase, you'll also need to assess whether there are any other services needed to run the program.

For example, if your program has previously rewarded members with generic discounts, you may want to engage with an agency that provides a greater variety of rewards.

Stage 3: Defining & building

With a plan in place and a vendor selected, the next step is the main chunk of migration — defining exactly what the program will look like on the new platform.

The specifics of this will depend on your vendor, but there are a few things you can expect in this phase.

Redesigning the Program

Usually, you'll start by defining, with your vendor, the exact business rules for your program and how the platform will be configured to satisfy these.

Keep your program strategy and plan to hand throughout this process. This helps ensure that the journeys you're building meet key program objectives.

For example, if your aim is to engage customers by presenting

tailored rewards based on their online or in-app behavior, you'd now need to define exactly what behaviors should be analyzed and what rewards should be offered as a result.

The second thing to consider is whether you roll out your full plan for the program from the initial launch or take a phased approach.

If you're introducing lots of new tech or program mechanics, this can help spread the risk. Talk to your vendor about the best way forward.

Finally, don't forget about content creation. You'll need copy and images for new web pages, member comms and so on. Make sure your team is well-resourced for producing this, or consider bringing in an agency.

Dealing with Data

Integration with various data sources will also be a key part of the migration. Some member data will be collected through the loyalty program itself, but much of the

information you need will be drawn in from other systems within your business.

It's important to remember that this isn't just a one-off transfer either. To create truly personalized experiences, you'll need data feeding in and out of your new platform on a regular basis — so make sure the platform you choose can accommodate this.

Your vendor should lead on the integration process and will work closely with your IT team (and potentially your other suppliers) to

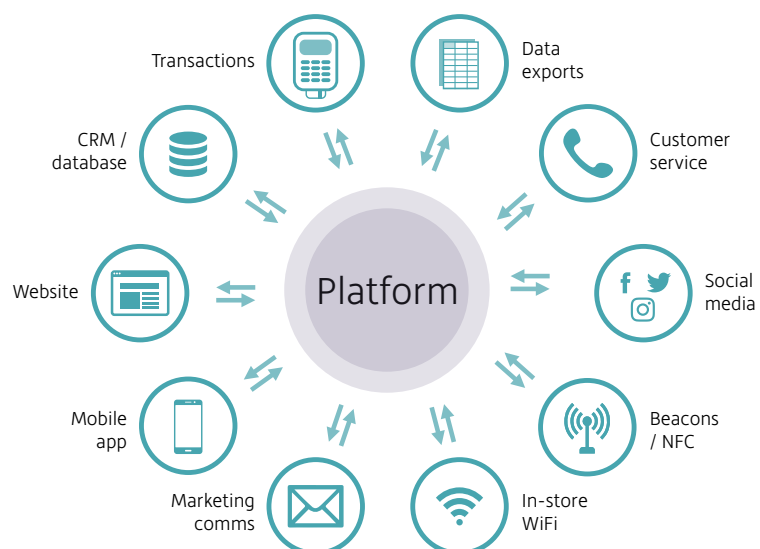
ensure the data can be transferred smoothly.

It's also important to check that existing loyalty data — including members' points and transaction history — can be moved over in a usable format.

Forcing existing members to “start over” in their relationship with you isn't a great way to build positive connections — so it's important to retain as much of their (relevant) data as possible.

Towards the end of this phase,

Data integrations to consider



start prepping customers and employees for the upcoming launch.

You may not need to share specifics straight away, but letting them know change is coming — and getting them excited about it — will ease the final transition.

Stage 4: Testing & launch

In the final stage of the replatforming process, it's all about making sure that things are working as they should and that launch goes smoothly.

Many businesses neglect to give enough time to this phase. Once the program has been built out on the new platform, it's tempting to launch quickly and see the results.

But thorough testing is really essential to a successful roll-out — so agree a clear process with your vendor.

Ideally, both their team and yours should test various scenarios using the new platform — both from a member's perspective and also from the role of the staff managing the program.

The easiest way to do this is to create a shared spreadsheet of every scenario that needs testing, based on the program requirements and business rules you've defined.

Then members of the project team can tick off the elements that are working, or make notes of what isn't — giving everyone a clear view of where the testing process is at.

With a complex project like replatforming, tweaks may be needed — so leave time in your launch plan for any bugs to be fixed or minor adjustments to be made, and then retested.

This is also the time to put in motion the final details of the launch and ensure everyone is ready to help members make the transition.

Make sure customers have a clear view of what's changing — and why. In your comms about the changes, keep the focus on how they'll add value to the customer.

Refer back to the work you did in the strategy and planning stage — what benefits did you identify the

Make sure customers have a clear view of what's changing — and how it will benefit them.

customer as you redesigned the program?

Be sure to highlight these in customer-friendly language throughout your pre-launch comms.

You'll also need to consider how the switch-over will work from a practical standpoint. For example:

- Will customers need to re-register or re-link their card?
- Do they need an app?
- Where will they go for help with questions or issues?

Finally, if there are any key deadlines — such as a cut off date for redeeming existing rewards or cashing in points — make sure you give plenty of warning and a couple of well-timed reminders.

Ensure that all staff are clear on the processes — particularly those on the front line. A bumpy transition to the new program can dampen the reception of otherwise valuable program updates.



CONCLUSION

Replatforming Tips & Takeaways

There's no getting around the fact that replatforming is a big project — it requires plenty of time, effort and resource to pull it off.

But done well, a platform migration (and the program upgrades that go with it) can have a significant impact on your bottom line.

Key Takeaways

Here are a few things to keep in mind as you go, to mitigate risks and keep your project running smoothly.

Start with strategy

A clear strategy is the foundation of any successful replatforming project. It helps you define how your program will create value for you customers and your business.

From this, you'll design your updated program and identify exactly what you need in a new platform.

Be data-minded

It's important to think about data throughout the replatforming pro-

cess. From how your new platform will collect and store customer data securely, to how you'll use it effectively to engage customers — data should be front-of-mind.

Look for innovation

Replatforming is a chance to push your program forward, so look for software that can support rising trends in loyalty and CX.

The ability to reward customers for behavior, not just spend, is a must-have. It's also worth looking for vendors who prioritize innovation — otherwise, you may end up needing another migration in a few years time.

Keep customers and staff well-informed

Make sure customers (especially existing members) and relevant staff are aware of the changes — and the benefits.

If these aren't clearly communicated, or if staff aren't equipped to support customers with the tran-

sition, you could end up damaging the relationships you're trying to nurture.

From growing loyalty and repeat purchase among your customers, to saving your team time or frustration, a replatforming project can make a big difference.

Armed with a good strategy, you'll be able to select the right vendor, and design a program that will en-

gage customers and build emotional connections.

And with good planning and testing, you'll be able to roll it out smoothly — and see greater loyalty, retention and spend as a result.



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About HTK

HTK provides cloud software that helps businesses increase customer value through two-way engagement, insight-driven promotions and personalized loyalty.

Our Horizon Loyalty & CX Cloud has rich customer insight baked in, making it easy to deliver individualized experiences on any channel – no data scientists needed.

By packaging the latest ML and AI technologies within financially proven use-cases, HTK enables brands to deliver industry-leading marketing, sales and service experiences at every customer touchpoint.



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