



ENTERPRISE LOYALTY

bond.





Banks have long sought feasible solutions for creating Enterprise Loyalty, and the stakes are getting higher. The fight to retain share of wallet, while customers are contending with record inflation, higher interest rates, and employment uncertainty, is intensifying. This is happening while even more new competitors are providing customers an easy approach to assembling their own custom collection of financial offerings to meet their needs. As such, brands should be thinking about how they can maximize the utility of their existing loyalty programs across their full business enterprise.

Strategies, business cases, and systems currently supporting credit card loyalty programs offer a pragmatic starting point. The best programs in the past decade are using broader data sources and tighter **connectivity** to marketing technologies to produce more refined offers and communications to engage and motivate cardholders. As a result, seasoned systems and strategies are set to positively intervene and drive the right behaviors across multiple lines of business, driving financial return back to the bank well beyond cards and payments. They are set to positively intervene and drive the right behaviors across multiple lines of business.

DEFINING ENTERPRISE LOYALTY

Enterprise Loyalty is a holistic loyalty strategy that links the entire business enterprise with its larger business objectives, focusing on the “total customer” relationship across all lines of business or banners. Enterprise Loyalty is not a new discipline. There are countless examples worldwide where brands have integrated their loyalty programs across all banners or lines of business. For instance, Enterprise Loyalty is central to the Marriott family of hotel brands, through their Bonvoy loyalty program. The Bonvoy program is available for members to earn and redeem points and enjoy the benefits of Bonvoy regardless of which Marriott family of brands/banners a member decides to frequent.

There are also several examples of Enterprise Loyalty across many high- and mid-frequency retail brands. In Canada, the PC Optimum program is ubiquitous across the entire Loblaws family of grocery banners and its drugstore chain, Shoppers Drug Mart. In fact, this Enterprise Loyalty program more than often scores in the top 3 retail loyalty programs in Bond's Loyalty Report Study, year after year.

As for the financial services sector, Bond has been monitoring the presence of Enterprise Loyalty, and we see growth in the in this sector across many geographies. However, many financial institutions have not kept up with the rate of adoption of this defined discipline in relation to their peer sets in other business sectors.

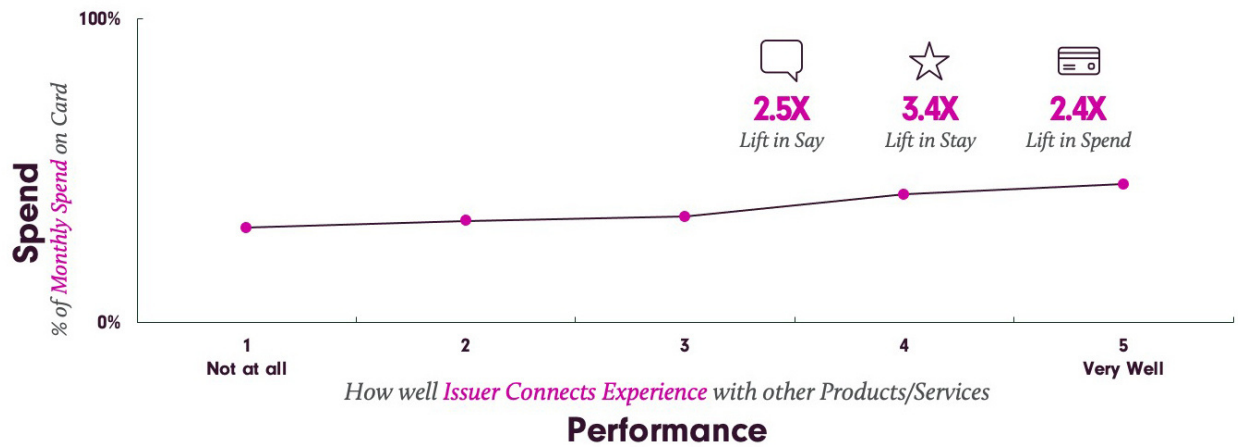
MEASURING THE INTENSITY OF ENTERPRISE LOYALTY IN THE FINANCIAL SERVICES SECTOR

Enterprise Loyalty can be measured across **two key dimensions**. First, there's the scope of eligibility across the enterprise, whether there is a narrow or broad penetration of eligibility of benefits that can be earned across financial services lines of business or product categories. Second, we can examine the extent to which members can redeem the financial services loyalty program currency, and receive benefits, perks, or savings across a narrow or broad spectrum of financial services lines of business or product categories.

We tend to delineate "broad" penetration where there are 3 or more lines of business or product categories that are part of the scope of eligibility across the enterprise, and 3 or more lines of business or product categories permitting redemption, savings, or perks as part of the Enterprise Loyalty program.

BENEFITS OF ENTERPRISE LOYALTY FOR THE FINANCIAL SERVICES SECTOR

What we do know for certain is that when credit card issuers better connect their experience with their other financial institutional products, we see a lift in monthly spend on credit cards. In fact, according to **Bond's Loyalty Report**, respondents claim that they are **2.5× more likely to recommend the credit card brand, 3.4× more likely to stay with the credit card brand, and 2.4× more likely to spend more with the credit card brand when the financial institution creates a connected experience with other banking product categories or their lines of business.**



Data from Bond Brand Loyalty, originally published in The Loyalty Report™, 2020, Canada
 How Well does [INSTITUTE] connect my [PROGRAM] experiences with my other [INSTITUTE] financial products/services

ENTERPRISE LOYALTY IMPLEMENTATION CHECKLIST:

- **Differentiation**—can act as a strategic point of differentiation for the financial institution’s value proposition in the marketplace.
- **Acquisition**—aids in acquiring new customers and acts as a motivator for such customers to increase their breadth of products with the financial institution.
- **Retention and Growth**—provides motivation for existing customers of the financial institution to expand the breadth of products, and further fortifies the overall relationship.
- **Renewals**—provides an incentive for customers to renew products already held with the financial institution and therefore acts as an attrition mitigation tool.
- **Common Purpose**—helps the financial institution better align their business units or lines of business around common customer goals and experiences.
- **Integrated Communications**—acts as the connective tissue to foster more integrated and relevant client communications from the financial institution, considerate of all the customer’s financial needs.
- **Maximum Utility**—better leverages investments and capabilities of the loyalty program developed for payments as an asset across the entire financial institution.

FINANCIAL INSTITUTION CHECKLIST: WHAT IS REQUIRED FOR AN EFFECTIVE LOYALTY PROGRAM?

Enterprise Loyalty is not as simple as just offering a common currency across products but rather requires:

- **Technology Platform**—an integrated/common technology platform to facilitate a common loyalty value proposition.
- **Data Integration**—enterprise-wide data sharing, utilization, and ownership.
- **Singular Customer Focus**—an organization commitment and orientation of lines of business around a common customer.
- **Incentive Alignment**—an aligned incentive structure with well-defined customer-centric metrics, by which all lines of business will be evaluated.
- **Singular Voice and Communications**—a customer-centric communication contact strategy to ensure that the customer is communicated with using one brand voice and with the right relevance and frequency.
- **Commitment**—the organizational appetite to prioritize, invest, and innovate to stay ahead of the competition and achieve customer business goals.
- **Shared Investment**—an investment in customer loyalty is not just a cards-based investment, but rather needs to be distributed equitably across lines of business.

WHAT SHOULD COMPANIES WATCH OUT FOR WHEN CONSIDERING IMPLEMENTING ENTERPRISE LOYALTY?

Gut Check: What to Watch For When Considering Enterprise Loyalty:

There are a few factors to consider when thinking about enterprise loyalty, including the potential for dilutionary customer behaviors—specifically rewarding customers for behaviors they would have already taken down without an incentive or reward. The financial services sectors need to understand the importance of change management that is required in order to adopt Enterprise Loyalty...it is not for the faint of heart. They must understand that the status **quo is comfortable**.

Enterprise loyalty requires meaningful energy with collaboration between the lines of business. It is key that the financial services sector grasps that meaningful energy is required to avoid distracting other business priorities, and that commitment is needed. Enterprise loyalty **should not** be viewed as a time-limited promotion. Time is of the essence, meaning that long-term commitment is required for success to be seen, and that it is not suitable under conditions where there are planned banking divestments of lines of business.

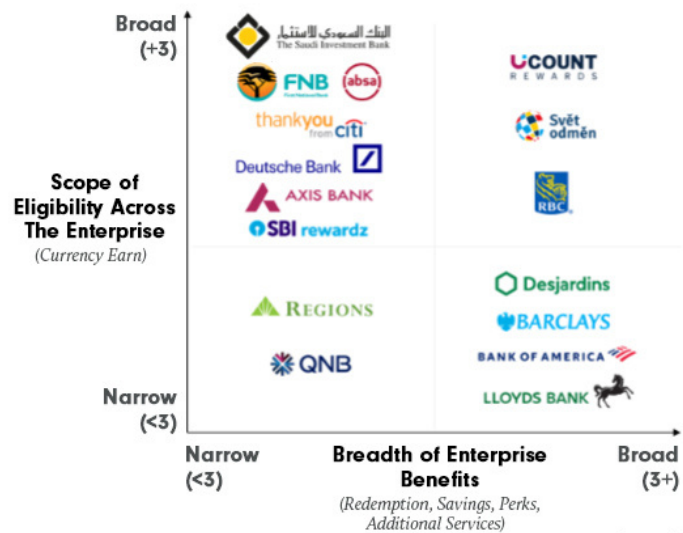
TOUCHPOINT: WHY THE FINANCIAL SERVICES SECTOR NEEDS TO CONSIDER THIS STRATEGY

Bond has been tracking the presence of Enterprise Loyalty over the last 5 years and has seen new adoption of different incarnations of Enterprise Loyalty by financial institutions in many geographies. We are also seeing that Enterprise Loyalty can have several entry points as follows:

- **Credit Card Ownership**—the credit card is the primary earning vehicle, whereby members who hold such products are then eligible to earn rewards across the enterprise.
- **Debit Card Ownership**—debit cardholders are eligible to earn points for several different account activities in addition to credit cards, and this also acts as the entry point.
- **Type of Bank Account**—the member’s earning eligibility is typically determined by the type of account they hold with the institution and/or activities they perform.
- **Account Balance/Net Worth**—the member’s earning eligibility is primarily determined by their account balance or salary deposits—the larger the amount, the more points or better benefits across the enterprise.
- **Broad Financial Products**—through a wide subset of products or accounts, members are eligible to earn/burn across the enterprise.

Most of the financial institutions examined by Bond leverage their loyalty currency by permitting clients to earn across at least 3 banking product categories or lines of business. A few allow clients to redeem across at least 3 banking product categories or lines of business. A few financial institutions allow clients to earn and redeem their loyalty currency across at least 3 banking product categories or lines of business. We expect many more financial institutions to begin to adopt Enterprise Loyalty to better harness their investment in loyalty across the full enterprise to better maximize the utility of the program and fortify their transactional relationships with their customers.

Enterprise Loyalty: International Landscape.



BREAKING DOWN THE BARRIERS:

The Financial Services sector has been slow to adopt Enterprise Loyalty as a defined discipline due to a number of reasons including:

- **Siloed Banking Structures**—have been an impediment for banks as they need to break out of the P&L silos and address the customer needs first.
- **Legacy Systems**—have prevented banks from instituting a common view of their customers and rewarding them for all of their loyalty.
- **Consumers are Acting on Their Own**—consumers are assembling their own financial portfolios as they can't get all of their needs met at one financial institution.
- **No Enterprise Champions within the Enterprise**—few institutions have appointed a single custodian over the common customers.
- **Cost**—loyalty programs in banks are generally built and implemented on the credit card side of the business, and other lines of business are not as willing to share in the incremental costs associated with extending the currency/benefits into their lines of businesses.

This is the optimal time to consider implementing an Enterprise Loyalty solution to fortify the loyalty of your best customers, increase the share of wallet for next-best customers, and stem attrition across all lines of business or banners.

The call to action for this ripe opportunity is distributed across enterprise leadership and lines of business, as well as technology and analytic teams. Most banks have leaders specifically charged with evangelizing “one-customer”-style collaborations and thinking for the benefit of the whole bank and its customers who are helping to inspire action. Credit card teams are in a unique position to help lead and benefit. These teams are already building business cases to ready traditional loyalty programs for the future and add new value. It would be a mistake to silo the bottom-line impact of these business cases to their own acquisition and engagement needs and not embrace the enterprise opportunity.

Some may find the subject overwhelming in both strategy and execution. The concept alone conjures images of endless meetings with new collaborators in the bank on a subject that is still perceived as **Important But Not Urgent** to BAU goals. Our answer to this matches the advice known for any big goal: begin the climb with baby steps. This can include publicly declaring broader program intent and capability to add enterprise value; considering enterprise loyalty needs when scheduling program system upgrades and renovations; and most importantly, experimenting with a few shared campaigns, offers, and data sources among one or two products/LOBs, ready to play together for mutual benefit and growth.

REACH OUT TO CONTINUE THE DIALOGUE

Bond’s team are keen to help. Connecting with us can help be a catalyst for exploring options, assessing technical capabilities, planning practical next steps, or simply learning more about market examples that have impressed us. Get access to our comprehensive collection of research and insights or connect with Bond’s strategists.

Connect with us to learn more: Carissa Dougall, carissa.dougall@bondbl.com.



ABOUT BOND

WE BUILD BONDS. BONDS BUILD GROWTH.

Bond generates growth for clients by creating enduring relationships between people and brands based on intelligent connections and engaging experiences. Bond serves clients globally with customer experience and loyalty solutions that enable brands, customers, employees, partners, and the communities they serve, to experience the benefits of growth. Headquartered in Toronto, Bond is management-owned with more than 800 people and six offices across North America. We partner with clients to build enduring relationships—bonds—between a business, its employees, and its customers.

Contact us at 1.844.277.2663

info@bondbl.com

bondbl.com

[@createabond](#)

