

Customer Loyalty Programs in Fashion Retail – A Change from Multichannel to Omnichannel

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Abstract:

Loyalty programs become more important in an omnichannel environment of fashion retail business. After the definition of customer loyalty and loyalty programs the main characteristics of omnichannel loyalty programs are described. As touchpoints of omnichannel loyalty programs mobile, social media, direct mail and in-store capabilities are detailed. A discussion chapter closes with recommendations for fashion retailers.

Keywords: Customer loyalty, fashion retail, omnichannel, touchpoint, mobile, social media, direct mail, in-store

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1 Loyalty Programs in an Omnichannel Environment

“Successful omnichannel loyalty is about delivering loyalty from the very beginning of the customer lifecycle, across all channels – seamlessly.”

– Marc Glazer (Hemsey, 2012).

The lines between the various distribution channels in retailing are blurring like never before (Hemsey, 2012, p. 3; Verhoef, Kannan, & Inman, 2015, p. 174). Consumers are now engaged on more channels, more often and at several channels at the same time (Hannah, 2013). A modern shopper might for example “check into a physical store on a mobile device, redeem a coupon received via email in-store, and then recommend that product to all friends on Facebook.” (Smith, 2015). In these times omnichannel loyalty becomes increasingly important (Hemsey, 2012, p. 3; Smith, 2015). While CRM experts want to engage and retain customers, marketers want to sell products to their customers. The best way – and maybe the only one – to accomplish both is to set up “channel-optimized loyalty programs “right timed” to deliver engagement at each and every touch point that meet the needs of each customer on their own level” (Hemsey, 2012, p. 3). When retailers or marketers are talking about loyalty programs nowadays, they are not referring to those traditional programs, where customers are solely rewarded for their purchases. Especially due to the continuously growing usage of the mobile channel, tablets and social media, the retail landscape is still dramatically changing and traditional multichannel loyalty programs meet no longer the demands of customers, who want synergy and service across all channels (Driscoll, 2013, p. 11; Kletschke, 2015; Verhoef et al., 2015, p. 174). Compared to multichannel loyalty programs, “omnichannel loyalty is the approach to maximizing cross-channel marketing with an emphasis on driving cumulative loyalty-related outcomes” (Hemsey, 2012, p. 4). Within omnichannel loyalty programs the focus does not lie on a single campaign, but on a lifetime of ongoing campaigns that address customers and engage them with the brand (Hemsey, 2012, p. 4). The whole concept is about providing a seamless and consistent marketing experience across all channels and mediums with the aim and the potential to engage consumers with the right message at the right time on the right channel (Hemsey, 2012, p. 4; Loyalty Partner Solutions, 2013, p. 2).

This paradigmatic evolution is the motivation for this research paper dealing with “Customer Loyalty Programs in Fashion Retail – A change from Multichannel to Omnichannel”. In the light of the above findings, which highlight the major role of loyalty programs in an omnichannel environment, this literature review aims at illustrating how loyalty programs are affected by the development in the industry from multichannel to omnichannel and depicts the main characteristics and touchpoints of omnichannel loyalty programs gathered in current scientific literature.

1.1 Definition Loyalty and Loyalty Programs

Due to its high importance in retailing, the concept “customer loyalty” has already been analysed in numerous scientific publications. Hippner (2007), Hofbauer and Schöpfel (2010) as well as Krafft (2007) have dealt with this topic in detail and they all agree on a similar definition (Hippner, 2007, p. 30; Hofbauer & Schöpfel, 2010, p. 82; Krafft, 2007, p. 29). According to them, customer loyalty is mainly defined as the retention of business relationships, which are characterized by a non-random sequence of transactions between a retailer and a customer. Within the concept of customer loyalty, from the supplier’s point of view, the retention of customers by means of diverse marketing actions is crucial. On the contrary, from a customer’s point of view, the focus lies on the attitude of a customer towards a retailer. This attitude may be reflected in repeated purchases as well as in the customer’s intention to choose that retailer again or to recommend him to others (Hippner, 2007, p. 30; Hofbauer & Schöpfel, 2010, p. 82; Krafft, 2007, p. 29).

Within the definition of customer loyalty, it becomes obvious that marketing actions controlled by the retailer play a tremendous role to achieve customer loyalty (Hippner, 2007, p. 30; Hofbauer & Schöpfel, 2010, p. 82; Krafft, 2007, p. 29). Therefore, various customer loyalty programs, which consist out of several customer loyalty tools, are applied in the market (Rudolph & Nagengast, 2012, p. 7).

As there are numberless forms of customer loyalty programs applied in practice, it is difficult to give a consistent definition of customer loyalty programs. However, the table below shows the central dimensions and aspects included in the most relevant definitions of customer loyalty programs in research.

Table 1: Definitions Customer Loyalty Programs

Author	Definition
(Sharp & Sharp, 1997, p. 474)	„Loyalty programs are structured marketing efforts which reward, and therefore encourage loyal behavior.“
(Dowling, 2002, p. 94)	„These [loyalty] programs give customers rewards for repeat purchases.“
(Leenheer, Bijmolt, Van Heerde, & Smidts, 2002, p. 8)	„... we define a loyalty program as an integrated system of marketing actions, which aims to make member customers more loyal.“

Adapted from: (Hoffmann, 2008, p. 30)

These definitions describe the key contents and the aims of loyalty programs, which are still valid today. However, as time does not stand still, one must also consider current developments. According to the experts of Loyalty Partner Solutions (2014) there are three stages of loyalty programs. The first loyalty programs belonged to the era of points and rewards. The meaning of these programs for customers was to earn and burn a loyalty currency. In a second stage, new customer loyalty programs focusing on the individual customer were established. Retailers started to analyze collected customer data in order to use the insights to address consumers with more individualized offers. These two stages have now set the stage for a third level of customer loyalty programs, which aim at engaging customer loyalty actions and instead of making customers focus on discounts and points, these next generation loyalty programs must make customers interact with the loyalty program itself (Loyalty Partner Solutions, 2014, pp. 2–4).

The findings urge to include recent and ongoing developments when it comes to defining and analyzing customer loyalty programs. Consequently, the present publication follows the opinion of the experts of Loyalty Partner Solutions (2014) and agrees on the finding that customer loyalty programs have developed over time. Especially the ongoing digitalization and the need for emotionalisation in fashion retail has led to the development of traditional customer loyalty programs from “points and rewards programs” to “loyalty programs 3.0” that are engaging customer interactions across various channels (Taylor, 2016).

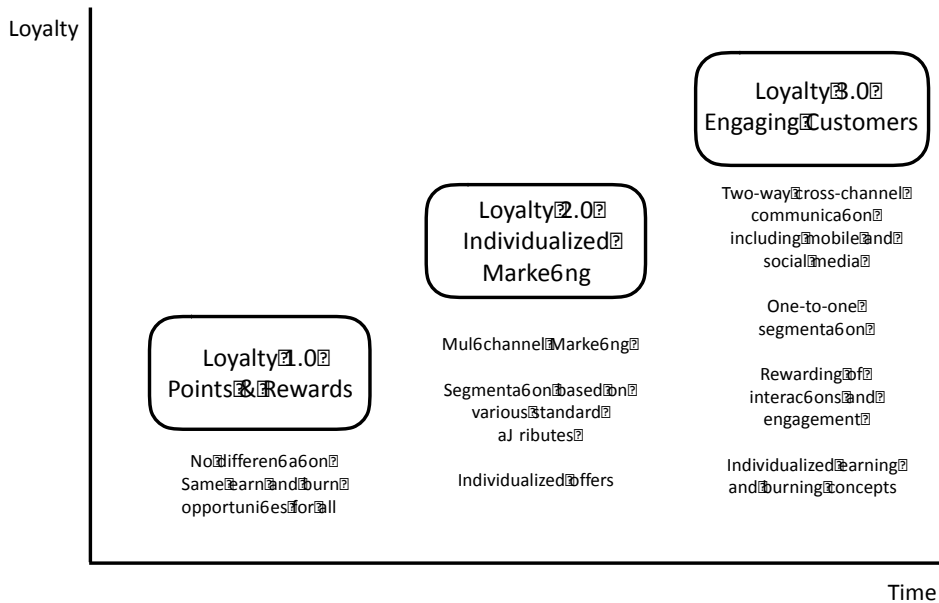


Figure 1: Evolution of Loyalty Programs
 Adapted from: (Loyalty Partner Solutions, 2014, p. 6)

1.2 Main Characteristics of Omnichannel Loyalty Programs

The problem with traditional loyalty programs is that they often don't focus on the big omnichannel picture. Instead, these loyalty programs direct their efforts at the end of a campaign and solely reward customers for their shopping. The following example illustrates this problem very well: In brick and mortar stores, salespersons, more often than not, only then try to acquire customers for their loyalty programs after they have browsed through store aisles and have selected products for purchase. And more often, it's even less – it's just a sign at the cash desk, which displays: "get our loyalty card and receive double points at your next purchase" (Anderson, 2014; Hemsey, 2012, p. 4). Compared to that, omnichannel loyalty programs pursue the aim to provide a seamless marketing experience across all channels by engaging customers with the right content at the right time on the right channel (Hemsey, 2012, p. 4). This new generation of customer loyalty programs has to think about "customer loyalty in terms of brand loyalty, customer engagement

and retention” (Loyalty Partner Solutions, 2014, p. 4) and must bring customers to engage and interact with the loyalty program itself instead of simply rewarding them for spending money. Doing this, retailers can accompany customers during the entire customer journey across all touchpoints and increase customer engagement and involvement (Loyalty Partner Solutions, 2014, p. 4).

Given these goals, retailers and marketers must understand one’s customers behavior well, because only then, they can address them with relevant information at the right time on the preferred channel. As more channels are involved and blurred in omnichannel retailing, a consistent database becomes essential, which makes it possible for a retailer to gain access to its customers and engage them in a proper targeted manner. Often, a big challenge for retailers to implement omnichanneling is building such a customer-centric view, which associates all data and activity of a customer (e.g. transaction data, web searches, mobile app usage, store visits, etc.) (Anderson, 2014; Loyalty Partner Solutions, 2013, p. 2). Omnichannel loyalty programs can help retailers by keeping track of the loyalty program members’ buying behaviors as well as their communication preferences (Loyalty Partner Solutions, 2013, p. 2). However, a prerequisite in order to make successful use of these loyalty programs is to centralize all available data. Each of a retailer’s touchpoints, like the POS system or the online shop system, captures valuable customer data. If this data is stored individually in separate silos, like it is in multichannel loyalty programs, it does nothing to help a retailer’s loyalty program. To execute an omnichannel customer loyalty program across multiple channels, data of all touchpoints must be integrated on a single platform. Purchase history of a customer must for example include in-store data as well as online data in order to be complete and useful (Weber & Rossi, 2015).

Among others, the following touchpoints primarily define omnichannel loyalty programs and are used to address customers directly:

- Mobile
- Social Media
- Direct Mail
- In-Store (Hemsey, 2012, pp. 8–9; Loyalty Partner Solutions, 2013, p. 2).

Each of these touchpoints captures important data that can help to gain a customer-centric view, which is the basis for addressing customers more targeted and achiev-

ing omnichannel loyalty. For a better understanding of how each of the touchpoints contributes to achieve omnichannel loyalty, they are analyzed in detail in the following chapter.

1.3 Touchpoints of Omnichannel Loyalty Programs

1.3.1 Mobile

According to Petri Kokko, Director Agency at Google, consumers are checking their smartphones up to 150 times per day. Vice versa, retailers and marketers have 150 opportunities to get in touch with them by day (Probe, 2015, p. 26). Due to the high engagement potential of smartphones, they are used in different ways in the context of omnichannel loyalty programs as tools to engage and bind customers to a company.

Mobile Customer Loyalty Cards

The first way to use smartphones within omnichannel loyalty programs is to set up mobile customer loyalty cards. Following Cohorst (2015), consumers love loyalty programs, but they don't like carrying around thousands of plastic cards in their wallets. "Cards are bulky and easily lost" (Cohorst, 2015). The study "Loyalty Cards 2013", conducted by Reposito in April 2013, questioned customers of a shopping mall and identified that 28% of all interviewed persons own up to ten loyalty cards. 19% possess even more than ten, and every fourth consumer has lost track of the customer loyalty cards he owns (Haufe Online Redaktion, 2013; Stewart, 2013). In large part, customers are not even carrying their customer loyalty cards with them and therefore, they can't use them, while they are in store. As a consequence, customer loyalty falls by the wayside. The study also uncovered that 56% of the questioned customers would prefer digital loyalty cards on their smartphones and also additional functions, such as digital coupons or barcode scanners were favored. In total, 72% of the respondents would use digital customer loyalty cards regularly (Haufe Online Redaktion, 2013; Stewart, 2013).

Meanwhile, in 2016, mobile customer loyalty cards are frequently applied in practice. Smartphones are able to replace the typical plastic customer loyalty cards and adopt the identification and payment function within customer loyalty programs.

The advantage of mobile customer loyalty cards compared to those traditional ones is that customers rarely forget them at home and can use them at every purchase. Thereby, customers can really profit from the loyalty function of these programs by collecting the defined loyalty currency at every purchase (Damm, 2016, p. 26).

Retailers have different possibilities to broaden their loyalty program to mobile. They can either launch their loyalty program within their own mobile application and give customers the possibility to keep track of their rewards, make payments and redeem their rewards directly from their phones, or, instead of offering an own app, retailers can also integrate mobile loyalty cards into mobile wallets, such as Apple Pay and Google Wallet (Cohorst, 2015). In either case, the redemption of points, rewards or coupons from a loyalty program must be enabled at multiple touch-points, because customers may use various channels differently according to their current needs. They might for example seek information about their loyalty points or available coupons through the retailer's mobile app before making a purchase in-store, using these coupons or points directly from their smartphone at the POS or redeeming them online at home in the retailer's online shop (Boces, 2016). So, in the light of the requirements for a true omnichannel loyalty program, which claim that customers must be engaged at the right time, at the right place, through the right channel, with the right message, it's not sufficient to expand loyalty programs only to mobile. Rather, retailers have to connect online and offline data and customers have to be enabled to choose when and where they want to access the loyalty program or redeem their rewards (Boces, 2016; Warner, 2014).

Smartphones as Information and Communication Tools

Besides their potential to integrate mobile customer loyalty cards, smartphones can serve as information and communication tools within omnichannel customer loyalty programs. By setting up a trigger-based communication, smartphones, together with other digital channels, can be used to apply real-time communication. Several customer actions within the loyalty program are defined as triggers that lead to an immediate response of the retailer (Loyalty Partner Solutions, 2014, p. 5). For instance, customers are receiving a push-notification containing their loyalty point balance right after purchasing at the retailer. In conformity with current findings, customers prefer to receive communications through their smartphone rather than through traditional marketing channels, because thanks to the tailored messages, communi-

cation via mobile is perceived as less intrusive and as more relevant for the single consumer (Boces, 2016).

In addition to real-time communication, smartphones enable location-based communication, which allows marketers “to contact customers with offers or incentives based on their present physical location and time” (Loyalty Partner Solutions, 2014, p. 5). Marketers can address consumers, for example, based on their geo-location or based on the current weather conditions. The advantage of this location-based communication (e.g. coupons or information about in-store events) is that they reach loyalty program members “right where they are, at the right place, at the right time” (Loyalty Partner Solutions, 2013, p. 5). Thus, by applying location-based and real-time communication, retailers and marketers have the chance to address the most loyal consumers with truly relevant offers (Loyalty Partner Solutions, 2013, p. 5).

Another way how to use smartphones for the communication within customer loyalty programs is B2C messaging – communication between retailer and customer via instant-messaging. B2C messaging has developed mainly through the need to achieve more customer service and loyalty. It offers retailers the chance to be available for their customers even if they are not physically in-store. By applying B2C communication via smartphones, salespersons can generate frequency and sales, give loyal customers personalized recommendations and a faster processing of problems or requests becomes possible (Baudis, 2014).

It can be concluded that the pace and dynamic development of mobile loyalty requires retailers in general to stick to current developments in order to meet customers’ expectations. Specifically, mobile loyalty via an app including push and pull notifications has great potential for retailers, as they can reach loyalty program members in their everyday-situations, “on the go” and with truly relevant content (Loyalty Partner Solutions, 2013, p. 4).

1.3.2 Social Media

As the main idea of omnichannel loyalty programs is to make loyalty members engage and interact with the loyalty program itself, social media is a vital touchpoint of these programs to build loyalty (Hemsey, 2012, p. 4; Loyalty Partner Solutions, 2014, p. 4; Smith, 2015).

Social media offers marketers ways to interact with program members “in an environment that increasingly becomes part of daily life” (Loyalty Partner Solutions, 2013, p. 4). Within networks, such as Facebook, Pinterest, Instagram and Twitter retailers and marketers can easily stay in touch with members, connect with them, deliver them additional value and reply immediately to their comments.

Social media does not only open up new ways, through which a brand can connect with its customers. Instead, social media does change the whole reward and incentive process within loyalty programs. Whereas most traditional loyalty programs simply reward the spendings of a customer, omnichannel loyalty programs use, among others, social media platforms to reward real engagement and drive customer loyalty. Marketers, for instance, offer loyal customers incentives for sharing program news and product pictures on Instagram or for following a tweet on Twitter. These activities also present an option to combine the online and offline interactions of customers. This can for instance, be implemented by offering coupons for customers who check in in-store via Facebook, post a picture of their favorite outfit on Instagram and purchase for a certain value in-store. This mechanism provides retailers with the possibility to combine traditional incentives and rewards (shop for a certain value and get a coupon) with digital ones, such as social media activities via smartphones (Loyalty Partner Solutions, 2014, p. 5; Smith, 2015; Warner, 2014). Within omnichannel loyalty programs, this “cross-channel thought” is essential, as they aim at orchestrating all relevant channels (Loyalty Partner Solutions, 2014, p. 7).

As on social media platforms everything is about sharing, the use of them allows marketers to approach new customers through the personal networks of loyal customers that engage themselves with the brand and share content, such as offers, events and special promotions within the platforms. Experts refer to this phenomenon also as “snowball effect”, because through the word-of-mouth recommendations and the activities on social media platforms loyal customers become co-marketers informing their whole social network about in-store events, promotions, etc. (Loyalty Partner Solutions, 2014, p. 4 ff.; Smith, 2015). While they are “building an army of brand ambassadors”, they are at the same time deepening their own loyalty to the brand (Hemsey, 2012, p. 8). Based on these positive effects, marketers are turning their loyalty programs away from incentives that are simply based on a customer’s purchases, moving them to rewards that are based on „a more holistic view of a customer’s level of engagement“ (Smith, 2015).

1.3.3 Direct Mail

Another customer touchpoint within omnichannel loyalty programs are direct mailings via post and newsletter, which function as communication channels to address loyalty program members directly. In fact, this touchpoint is not completely new. However, compared to the usage within traditional loyalty programs, which was characterized by customer data stored in separate silos and offers that were rarely individualized or personalized, some things concerning direct mailings have definitely changed. Whereas within multichannel loyalty programs, members were approached with the same offer regardless of “gender, age, points balance, customer value, shopping behavior or other segmentation criteria” (Loyalty Partner Solutions, 2014, p. 2), the magic word within omnichannel customer loyalty programs is now called “consumer relevance” (Herzberger, 2016; Loyalty Partner Solutions, 2014, p. 2). In the light of what is referred to as an “information overload”, customers don’t want to be overwhelmed by advertisements. Rather, the consumer’s acceptance of interaction increases with its customization. Provided with additional customer data through the integration of all available channels within omnichannel customer loyalty programs, marketers are now able to set up customized offers and address loyalty members with a more relevant and personalized communication (Loyalty Partner Solutions, 2014, p. 3).

However, the use of direct mailings is also controversial. Current publications state that despite the ongoing digitalization, communication via E-Mail is regarded as the loser among digital channels. Customers are spammed by advertising mails and as a consequence consumers, more often than not, don’t read them at all and immediately delete them. Having these developments in mind, experts state that customers prefer to receive customized communications and advertising through their mobile devices rather than through traditional marketing channels, such as E-Mail (Boces, 2016; Herzberger, 2016).

1.3.4 In-Store

As the present findings show, within customer loyalty programs “the focus of retailers is now almost exclusively on digitising their services” (Gillett & Shah, 2015). However, something that is at least as important as digitalization, is the magic of the human touch and the emotionalisation of the retail landscape (Gillett & Shah, 2015; Ramos, 2016; Taylor, 2016). In today’s omnichannel retail landscape, customers perceive convenience and choice as given, whereas they are simultaneously looking for digital experiences characterized by human behavior and emotion. Customers want to feel connected to the brands they are buying from, but not only through digital devices. Hence, if retailers want to win and retain customer loyalty, they “need to tap into the magic of the human touch and incorporate it into the digital experience” (Gillett & Shah, 2015) customers are getting from them.

For retailers, there are several possibilities to integrate the human touch into their customer loyalty programs. Crucial potential offers clienteling. Clienteling is an approach that, similar to one-to-one marketing, aims at strengthening customer loyalty by applying individual customer communication. The special thing about clienteling is that the communication with the customers is executed directly by the salesperson in-store (Hodel & Prof. Dr. Janz, 2015, p. 11).

Clienteling applications on tablets, smartphones or computers help salespersons to execute this task properly. Such applications offer a 360-degree view of the customer by capturing and consolidating his personal data and his interactions across all digital and physical touchpoints. The special thing about clienteling is that the sales history, collected on CRM platforms, can be augmented by data collected by the salespersons that stay in direct contact with the customer. In total, all previous contact points with or transactions of the customer, regardless of the channel, are recorded and presented transparently. These valuable information, provided by the clienteling tool, empowers salespersons and enables them to be prepared for each customer, offering him a customized and more personalized shopping assistance (Hodel & Prof. Dr. Janz, 2015, p. 11; LaRobardiere, 2015; Rhodus, 2015). For instance, the tool informs salespersons about “an individual customer's transactional history, the online profile the customer may have created on the store's website, and any product ratings and reviews the customer may have submitted” (Rhodus, 2015). This customer understanding is key to delivering the personalized omnichannel services customers require (Rhodus, 2015).

Moreover, salespersons can contact their customers directly through the clienteling application via E-Mail or mobile. This additional possibility leads to stronger customer loyalty than personalized mass communications sent to the customer from the anonymous marketing department. As a matter of course, an opt-in confirmation of each customer is required in order to be allowed to contact him (Hodel & Prof. Dr. Janz, 2015, p. 11; Zunke, 2015). Belk and Saks, both retailers operating in the US, are already applying tablets with customer data and purchase history. In Germany, s.Oliver, for instance, is using a tablet-supported customer consulting (Hodel & Prof. Dr. Janz, 2015, p. 11).

Besides clienteling, in-store omnichannel services can strengthen customer loyalty. A good example is click and collect. With click and collect, the customer is provided with the possibility to pick up his order from the online shop in-store, try it on and, if necessary, return it immediately. At this point, the salesperson comes into play. By offering click and collect, the retailer has attracted the customer into the store. With good staff interaction at the click and collect counter, the retailer has now the possibility to stimulate additional purchases, “or at least a replacement purchase if the original goods are not suitable” (Loyaltymagazine, 2014). Hence, with click and collect, the gap between retailer and customer that exists within the online channels can be effectively bridged and an opportunity to build omnichannel loyalty occurs (Gillett & Shah, 2015; Loyaltymagazine, 2014).

2 Discussion

Generally speaking, it can be stated that the topic “Omnichannel Customer Loyalty Programs” has already found its way into latest and very latest literature. However, constant findings in research, changes in consumer behavior, or the constant technological development, make up for the finding that this topic will remain under permanent dynamic. It has to be pointed out that particularly the advanced interaction possibilities between all parties and the targeted data collection systems contribute to this as well. It hence can be said that the paradigm shift of digitization and the blur of all traditional channels towards omnichanneling has not yet taken place to its full extent.

In existing literature, special attention is paid to the general alterations of customer loyalty programs, driven by the development of the retail landscape from multi- to omnichannel. With regard to the fundamental alterations of loyalty programs, different authors agree on the opinion that customer loyalty programs have turned away from those models, where customers are solely rewarded for their shopping and are now defined by the aim to provide a seamless marketing experience across all channels by engaging customers with the right content at the right time on the right channel (Boces, 2016; Hemsey, 2012; Loyalty Partner Solutions, 2013; Warner, 2014). This research completely supports the opinion of the authors concerning this development of customer loyalty programs. As customers not only expect retailers to connect with them seamlessly across all channels, but also expect personalized communication that is custom-tailored, traditional customer loyalty programs including mass communication and “rewards for spendings” are not up-to-date anymore. Hence, the ultimate goal of a truly omnichannel program must be to engage customers during the entire customer journey across various channels, break down silos and address the customer at the right time, at the right place, through the right channel, with the right message.

According to several authors, the basic prerequisite to achieve this customized communication across various channels is a consistent database integrated on a single platform (Anderson, 2014; Loyalty Partner Solutions, 2013; Weber & Rossi, 2015). Only then retailers and marketers are able to build a 360-degree view of the customer and address him with offers that target his individual needs. Uncontroversial, this could represent a big challenge for retailers, as most of them run multiple heterogeneous IT systems for each channel, which have to be integrated or com-

pletely new systems have to be introduced. Thus, retailers should spend some efforts on finding a way to integrate data coming from different systems and channels on a single platform.

Besides these general alterations, several scientific publications are examining the most important touchpoints for customer interaction within omnichannel customer loyalty programs.

Smartphones are considered as an important customer touchpoint (Boces, 2016; Cohorst, 2015; Damm, 2016; Haufe Online Redaktion, 2013) and maybe the biggest difference of omnichannel customer loyalty programs compared to traditional multi-channel ones. Theoretical definitions and research centered around the concept "Mobile" are numerous and give comprehensive insight into this matter. Ongoing technological developments allow more precise ways of engagement and especially ubiquitous presence and ability of engagement in a targeted manner. In scientific literature, several options can be found how to apply mobile solutions within loyalty programs. For the most part, the regarded authors, Cohorst (2015), Boces (2016) and the experts of loyalty partner solutions (2014), have engaged themselves with the topic mobile customer loyalty cards. They agree on the fact that customers will increasingly use digital loyalty cards in the future and recommend retailers to broaden their loyalty programs to mobile (Boces, 2016; Cohorst, 2015; Haufe Online Redaktion, 2013). Cohorst (2015) mentions the options for retailers to either set up an own app or integrate the digital loyalty card into mobile wallets such as Apple Pay or Google Wallet (Cohorst, 2015). Actually, it seems that own apps are a good way for retailers to establish their digital customer loyalty card, because they help to engage customers with the brand and transport the corporate identity. However, a problem that could arise here is that the huge amount of plastic cards in a consumer's wallet could solely be transferred to the consumer's smartphone in the form of apps, which will bother customers sooner or later. In order to analyse this in detail, a closer look should be taken at studies that examine the average amount of installed and used apps on customers' smartphones. Nevertheless, it can be recommend to retailers to consider the opportunity and technical requirements of integrating loyalty cards into mobile wallets early, in order to be able to elude the described problematic.

In contrast to the use of smartphones as mobile customer loyalty cards, the use of them as tools for customer communication is not that explored yet. Real-time com-

munication, location-based communication and B2C messaging are mentioned as possible options (Baudis, 2014; Loyalty Partner Solutions, 2014). The use of smartphones as communication tools is perceived as truly useful, because customers can be reached right where they are, at the right place, at the right time, with truly relevant offers. Even if these technologies are not that widespread in the German fashion retail industry yet, retailers should deal with them now and also consider connected topics such as data privacy. Probably, avoiding spam perceived communication will remain a crucial topic for marketers within this context. Pin-pointed customized engagement should reduce the customers perception to be spammed.

Aside of smartphones and mobile aspects referred above, the field “social media” has been examined in literature in detail. Several authors agree that social media is an important touchpoint within omnichannel customer loyalty programs that has the potential to engage customers with a brand (Hemsey, 2012; Loyalty Partner Solutions, 2014; Smith, 2015). The traditional reward and incentive process is replaced by rewards and incentives based on real engagement on social media platforms. In terms of omnichannel loyalty programs, this development is evaluated as positive, as it helps to build profound relationships with customers. However, retailers should pay attention to not applying rewards and incentives too often, as an overuse of them leads to the phenomenon that customers expect incentives at every purchase and do not buy at normal prices anymore. Nevertheless, considering all the benefits, retailers should definitely be present on this channel in order to engage customers with the brand and the loyalty program.

Regarding the application of the touchpoint “direct mails” the authors have not reached any agreement. Whereas the experts of loyalty partner solutions (2014) state that direct mailings via post and E-mail can be used to address customers with truly customized offers, Boces (2016) and Herzberger (2016) mention that direct marketing via e-mail is perceived as the loser among the digital channels, as consumers are increasingly spammed by advertising mails and rather delete than read them (Boces, 2016; Herzberger, 2016; Loyalty Partner Solutions, 2014). As the publications of Boces and Herzberger are more current than the others and consider the most present developments, this research supports their opinion that E-mail marketing is exposed to a problematic concerning spam. Nevertheless, retailers may argue not to give up on addressing customers via E-mail completely. A recommendation would be a balanced mix of communication via E-mail, smartphone, but also other

media, like print. A safe approach would be to ask consumers about their preferred means of engagement, when they are registering for the loyalty program.

Currently, research points out the importance of the “in-store” touchpoint with a special attention to the emotionalisation of retail and the incorporation of the human touch. In several publications, this orientation is left out in favor of the focus on aspects of the digitalization. However, especially Gillet and Shah (2015) as well as Hodel and Prof. Dr. Janz (2015) have examined this topic in detail and have illustrated how important it is for retailers “to tap into the human touch and incorporate it into the digital experience” (Gillett & Shah, 2015) customers are getting from them (Gillett & Shah, 2015; Hodel & Prof. Dr. Janz, 2015). As a matter of course, their findings can be confirmed, as with increasing digitalization, also increasing emotionalisation in retail is required. The considered authors lay their focus on clienteling (Hodel & Prof. Dr. Janz, 2015; LaRobardiere, 2015; Rhodus, 2015). A concept that totally embodies omnichannel customer loyalty, as it combines data of all available touchpoints and helps to address customers with targeted offers as well as a higher level of advisory quality. A problem that may arise in this context is that typical store associates, due to data privacy concerns, often have little to no insight on existing customer data, what is inhibiting the use of clienteling. Furthermore data is often stored fragmented or salespersons are not willing to work with these new technologies. However, clienteling is important, as it enables retailers to deliver the personalized service, customers expect. It is advisable for retailers to overcome these problems, since, when applied correctly, clienteling can help to develop loyalty and increase sales both in-store and online. Due to that high potential, it can be concluded that in this context further research is required on “data privacy” and “motivation of salespersons to adopt new technologies”.

Research Limitations

In summary, it was possible within this research paper to analyze the topic “Customer Loyalty Programs in Fashion Retail” scientifically under the light of the development in the industry from multichannel to omnichannel retailing. However, although the research reached its aims, there were also some limitations. As this research paper was based on a literature review and should not include any empirical research, the findings were strongly limited to the knowledge concerning “Loyalty Programs in an Omnichannel Environment” that has already found its way into latest scientific literature. Due to its surrounding conditions, the regarded topic is under

permanent dynamic and thus, it is self-evident that not all the very latest developments are already gathered in the existing publications. Furthermore, this literature review was limited to English and German-speaking references that were free of charge, what did also narrow the scope of its findings. To overcome some of these limitations in future research, further investigations into the topic “Customer Loyalty Programs in Fashion Retail – A Change from Multichannel to Omnichannel”, including empirical research, could be carried out. The empirical research method could be a market test that is based on the findings of this research paper and examines several loyalty programs with the aim to picture the as-is situation of omnichannel customer loyalty programs in the fashion retail industry as well as to complement current scientific findings.

Key Learnings For Retailers

The preceding literature research has raised several issues and has uncovered that there are a lot of factors to consider, when adapting a loyalty program to the omnichannel paradigm. The following key learnings for retailers concerning omnichannel loyalty programs can be summarized:

- Engage customers across various channels and reward them for activities that go beyond purchases alone
- For a consistent, 360-degree view of the customer, break down silos and integrate customer data of all available channels to a single platform
- Address customers with personalized and tailored offers based on their individual preferences and purchase history
- Embrace digital and implement mobile customer loyalty cards
- Stay connected with consumers via social media as well as mobile technologies (e.g. real-time or location based communication)
- Despite the ongoing digitalization, don't forget to incorporate the human touch

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