People-Centered Payments

# The Importance of Permission Marketing in the Digital Age

– Andy Kulina, Cambridge Loyalty; Morgan Beard, TSYS

*"Permission marketing is the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them."*
*– Seth Godin*

## EXECUTIVE SUMMARY

Permission marketing isn't new. In fact, marketing expert Seth Godin coined the term in 1999 and defines it as "the privilege (not the right) of delivering anticipated, personal and relevant messages to people who actually want to get them."[1] Godin positioned permission marketing as much more effective than interruption marketing, which essentially means marketing one single message to a mass audience.

With today's explosion of marketing messages, permission marketing is now more relevant than ever, but to reach its promise, new market dynamics need to be overlaid onto this concept. Since Godin wrote his book, *Permission Marketing: Turning Strangers Into Friends, and Friends Into Customers,* the fast-advancing digital landscape has elevated the role of both e-commerce and m-commerce, and the ability to connect with customers in new ways has grown exponentially. This growth is slated to continue with the recent advent of the "Internet of Things" – the concept of connecting any device, whether a phone, wearable or even coffeemaker to the Internet and to each other. As technology increasingly touches people's everyday lives, it has also made consumers more willing to exchange their personal information wth brands for something of value, whether information, discounts or rewards. And, for card issuers, this is a relatively untapped opportunity for deepening customer relationships and generating incremental income.

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Consumers are known to love loyalty programmes – the average American household has 29 loyalty memberships and in the UK, a whopping 92 percent of adults have at least one reward card.[2] Paradoxically, loyalty is often a victim of its own success. With so many programmes held by so many consumers, they've become ineffectual. In fact, those same American households are only active in 12 out of their 29 memberships. Consumer loyalty programmes are meaningless if they don't create the desired change in consumer behaviour and drive them toward a more profitable customer lifetime value. To stand out in today's competitive environment, a loyalty programme must offer more attractive incentives and better value than its competitor programmes.

**This report revisits Seth Godin's five stages of permission marketing and updates them for today's digital era. It then provides four techniques for pursuing permission marketing to enhance the customer's digital journey.**

Since Godin's book was first published, card issuers have experienced significant changes, including heightened revenue pressure on banks and the resulting need for new revenue streams. Issuers often underutilise their opportunity to work with merchants to provide offers to cardholders, a relationship previously referred to as partnership marketing though now more commonly called "card-linked offers" (CLO). Traditionally, loyalty programmes have presented cardholders with offers in exchange for customer information. But today, CLOs address a portion of the market that loyalty programmes don't fully address. CLOs are especially compelling to card issuers because the merchants carry the financial burden of such programmes. However, merchant-funded reward programmes have not delivered on all of their initial promises, and today's evolving digital payments landscape only exacerbates the challenges and complexities. Issuers that want to succeed at offering CLOs must ensure they are addressing the major hurdles of these programmes—more specifically, they must follow the rules and best practices of permission marketing.

This report revisits Seth Godin's five stages of permission marketing and updates them for today's digital era. It then provides four recommendations for pursuing permission marketing to enhance the customer's digital journey.

## UPDATING PERMISSION MARKETING FOR THE DIGITAL ERA

Imagine one's surprise upon coming downstairs in the morning and finding an old college friend asleep on the sofa. One would probably say, "What are you doing here?" to which the friend would reply, "Remember that you gave me permission to crash on your sofa – anytime!" What the friend may not mention is that permission was given two decades ago, back in 1996.

is "intravenous permission" – so critical that you can't live without it. The question is, how quickly and efficiently can companies move customers along the continuum towards the gold standard of intravenous permission? Let's review the five stages of permission marketing that have been updated to maintain relevancy for the digital era.

**"What are you doing here?" to which the friend would reply, "Remember that you gave me permission to crash on your sofa – anytime!"**

Receiving permission from customers to send them offers and communications fulfills a company's legal obligations, but treating such permission as a license to send customers unlimited numbers of emails over a long period of time is a mistake too many companies make. For example, a U.S. kitchenware retailer may send customers who have opted in to its email list offers on a near-daily basis – and continue to do so even though many of those customers rarely, if ever, engage with the brand. Inundating customers with emails they clearly don't want or aren't responding to only defeats the point. To be effective in today's increasingly digital landscape, marketing must lead to consumer awareness, engagement and eventually loyalty. Ideally, it should provide value to recipients in return for their awareness and consideration of a product or service offering. And, it must be relevant.

Established CLO programmes often focus more on one-time customer acquisition offers by merchants, providing little or no additional value to the merchant once the customer has been acquired. Issuers need to identify and quantify the exchange of value to achieve a more sustainable source of value over the lifetime of the customer relationship. For example, if an issuer shares a cardholder's life events – like moving into a new home or remodelling – with a merchant partner – say Home Depot or John Lewis – the merchant could use that information to make more pertinent offers and provide advice to cardholders on how to manage such life changes.

Given the changing nature and needs of marketing in the digital era, companies' permission marketing strategies must be updated to keep up with the times. According to Godin, there are five stages of permission marketing that follow along a continuum. From a basic level of engagement, there's "situational permission," the least engaged form of permission marketing. On the other end of the spectrum

### The Five Stages of Permission Marketing[1]

1. **Situational Permission**
   Prospects permit the business to come into contact by providing their personal information.

2. **Brand Trust**
   Prospects permit the business to continue supplying their needs.

3. **Personal Relationship**
   Prospects' permission is granted because of a personal relationship they have with someone in the provider organization.

4. **Points Permission**
   Customers agree to receive goods or services and have allowed the business to collect their personal data. This usually happens because they are provided with incentives, such as exchangeable points or an opportunity to earn a prize.

5. **Intravenous Permission**
   The supplier has now taken over the supply function for a specific good or service; customers are completely dependent on the business.

**1. Leverage Situational Permission to Maintain Customer Engagement and Loyalty.**

Seth Godin defines Situational Permission as prospects allowing "the business to come into contact by providing their personal information."[1] This step is a great starting point for a company because the customer has already opted to receive information from it. The crucial next step is how to approach the request for further communications. However, rather than simply asking customers to "tick here to receive messages from third parties" – which is vague and outdated – companies must explain what value they will bring to the customer and how the data will be used.

**Strategic Implication:** Consumers trust banks and financial institutions (FIs) more than other types of companies, but that trust must be respected. Mondo, a UK-based bank, recently phrased its permission marketing offer to customers in this low-pressure, yet effective way: "We'll only send you an email when we've got something interesting to show, or something cool for you to try." This clear and friendly messaging has helped the bank win over millennial customers.

**2. Offer the Right Frequency and Messaging of Customer Communications.**

Brand trust, the second stage in permission marketing, is defined as the point at which prospects allow "the business to continue supplying their needs."[1] FIs have a greater chance of leveraging the trust they've built with customers into cross sales, but must be careful with how they approach customers with solicitations. Too often customers receive the same letter from a bank multiple times and sometimes for products or services they already receive. Big data can be used to prevent such redundant communications from being sent.

Moreover, too many brands send customers the same messages irrespective of channels – be it by mail, email or through their websites. Thus, FIs should only send communications that are relevant to their customers' relationships with the bank.

**Strategic Implication:** How and when to communicate is a key strategic imperative. Someone would not email a friend once a week asking the same questions over and over – even though that friend never responds. The same basic rules should be used when running an effective CLO programme. If messages are not targeted and personalised, they shouldn't be sent daily or even weekly.

**3. Ensure Permission is Granted by Creating a Personal Relationship.**

The third stage, personal relationship, encompasses the time when a "prospect's permission is granted because of a personal relationship that he/she has with someone in the provider organisation."[1] In certain ways, the Internet offers a better opportunity to personalise communications than offline communications. For example, one's favourite online wine merchant can always remember what was ordered last time. Amazon.com can offer recommendations based on a customer's previous purchase history and browsing behaviour, or by the purchases of others who have bought a similar product.

Again, FIs are uniquely positioned to provide the right level of personalisation. Consumers trust their financial services providers with information they certainly don't share with other brands – and often not even their most trusted friends. In both cases, the personal relationship can be strengthened with the right communications and card-linked offers.

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**Strategic Implication:** An FI should invest in technology that allows it to continually update customer information to ensure that, even with millions of customers, each customer receives relevant, personalised communication. For example, a customer who works as a consultant likely has income that fluctuates from month to month. He or she may appreciate a low-interest loan with "instant approval" that would allow access to funds they need for the lower-income months while recommending a deposit into longer-term investments during flusher months.

**4. Offer Points to Gain Permission to Collect Personal Data.**

Godin explains points permission as the fourth stage in which customers have "agreed to receive goods or services and [have] allowed the business to collect their personal data. This is usually because they are provided with incentives, such as exchangeable points or an opportunity to earn a prize." While points may gain the permission the loyalty programme needs to engage customers, a recent *Financial Times* article asks rhetorically, "Are the rewards or offer worth the exposure to intrusive marketing? Are too many customers losing track of the points they have accumulated?"[2]

One solution that has materialised among card issuers is merchant-funded, CLO programmes where a merchant pays for the cash-back reward, a third party handles all of the programme operations and the card issuer receives ancillary revenue. But such programmes will only survive if they strengthen loyalty among cardholders for both issuers and the merchants providing the offers.

**Strategic Implication:** One successful strategy has been for issuers to supplement the merchant-funded offers with bank-funded rewards, often marketed as points that can be redeemed for cash or products. While interchange reductions have affected FIs' ability to provide a reward or cash back on every transaction, UK banks like RBS, NatWest, Santander and others offer bank-funded cash-back for recurring household bills such as utilities, mortgage payments and insurance. The ability to collect and redeem points using mobile applications further broadens their appeal. Many cardholders use m-banking apps for more passive activities, such as balance inquiries, but this channel shows great potential for point redemptions. Because these low- or no-interest accounts are more likely to become the primary household accounts as wages are paid into them to provide for these recurring payments, the ROI to the banks should increase.

### 5. Develop a Dialogue So Customers Will Evangelise About Their Relationship.

The fifth stage, intravenous permission, is defined as the point in the relationship when "the supplier has taken over the supply function for a specific good or a service; the customer is completely dependent on the business."[1] Since the early days of permission marketing, the landscape has changed significantly due to the increasing convenience and scale of e-commerce and m-commerce. Today, there aren't too many brands or services on which anyone is 100 percent dependent. And it is easier than ever for consumers to switch providers.

Every brand's goal is to develop a customer relationship that will lead to evangelism. The digital age has made it easier than ever for customers to voice their opinions when rating products and services. To create loyalty, to inspire evangelism and to reach a state of intravenous permission in this digital age, brands need to provide some social fuel that allows customers to share their pride in being customers. Leveraging social media to engage in a two-way dialogue offers the ability to speak to customers on a more personal level—like friends would. It also moves interactions away from being purely transactional.

**Strategic Implication:** When an FI's employees complete a community project such as building a house or cleaning up a park, such activity should be shared on social media. FIs need to communicate how what they do makes an impact beyond stock prices and return on assets – such as how they improve their community and customers' lives. For example, IBM's "Creating a Smarter Planet" campaign regularly shares updates about its employees' accomplishments, such as leveraging analytics and mobile technologies to keep more kids enrolled in school. FIs should post similar accomplishments on social media, so consumers can see that the FI has a higher social purpose beyond marketing financial products and services. Customers will begin reading these posts in a different manner than that of other brands they follow. Eventually, they will begin liking and sharing a few of the FI's posts, engaging further with the brand and potentially making them more receptive to future card-linked offers that are presented.

The brands that will be the most successful in cutting through the noise and clutter will be those who follow the core framework of permission marketing to create a dialogue with their customers. And remember, a great dialogue requires the right mix of speaking and listening. Technology has created a fantastic forum to listen, learn and respond at scale to consumers. FIs should build on the trust to drive deeper engagement and loyalty.

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## FOUR RECOMMENDATIONS FOR PURSUING PERMISSION MARKETING TO ENHANCE THE CUSTOMER'S DIGITAL JOURNEY

Ultimately, a card issuer's success using permission marketing depends heavily on meeting consumers' needs and expectations. Some major companies, including Amazon, Starbucks and Uber, have learned the secrets to gaining consumers' trust and loyalty and, in turn, consumers have happily given them permission to keep their personal information and present them with relevant offers. However, while permission marketing can be a boon for issuers who pursue it correctly, it also poses many challenges. Here are the top four recommendations for implementing a successful permission marketing-driven CLO programme:

### Recommendation #1: Get Customers to Opt In—and Stay Opted In by Driving Dialogue.

A key to a successful permission marketing initiative is how the programme manager asks its cardholders to opt in to offers from the merchant partners. Increasingly, the issuer should also explore its role as the aggregator of permission, reinserting itself into the centre of the CLO equation. Here are four different strategies:

**Strategy #1: Granular opt-in**

One common strategy for merchants or service providers is to collect information from cardholders so they can present them with more personalised, targeted offers. For example, when a cardholder buys Broadway show tickets, the issuer asks that cardholder to share his or her personal interests or recreational activities–whether golf, cooking, hunting, shopping, or dining out. This at first may seem like a great way to capture insights about each customer's personal interests; but offering too many options or asking for too much information at once may lead to decision paralysis, according to Barry Schwartz's book "The Paradox of Choice: Why More is Less."[3] In other words, customers may start to fill out their interests, but many will become fatigued by a list of too many choices and questions, including questions about their communication channel preferences and the best time of day to contact them. Ultimately, many cardholders will give up on such questionnaires before submitting their information, and some may even lose respect for the original brand.

**Strategy #2: Macro opt-in**

On the opposite end of the spectrum, an issuer may ask cardholders to opt in to third-party offers without providing granularity on what types of offers interest them most. This, of course, means the offers aren't relevant to the cardholders – and they may begin to ignore offers they receive or, worse, decide to opt out of receiving future offers altogether. For example, someone who doesn't enjoy cooking won't stay subscribed for long if presented with multiple offers for cookbooks and kitchen supplies. Hence, asking cardholders to opt in without providing information about their personal needs or preferences is not only of lower value to the programme but it could annoy cardholders and even lead them to cancel their card. One example of an initial attempt at permission marketing comes from the innovative Moven Bank. The issuer emailed customers a list of three separate and non-personalised merchant offers for food, cleaning and handyman services. While these offers likely could perform better with increased personalisation, Moven should be able to boost the redemption rates of its merchant offers by relying on customer transaction behaviour in the future.[4]

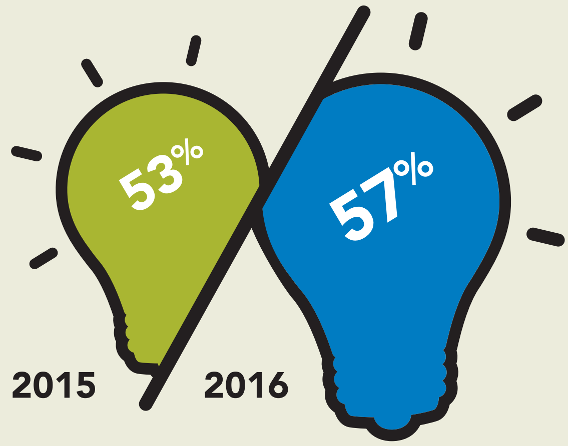
**Strategy #3: Targeted opt-in**

A third, and often more fruitful way that issuers can ask cardholders to opt in entails presenting merchant-sponsored offers that reflect the interests and lifestyles of individual cardholders. By asking cardholders to opt in to a type of merchant or group of products it could actually increase conversion in sales. In fact, in the *TSYS 2016 UK Consumer Payments Study*, cardholders were asked how valuable it would be to self-determine the level of offers and discounts they receive from merchant partners through their issuers.[5] Specifically they were asked whether they would like to decide how often they get offers from particular merchants and what types of merchants they receive offers from.

Only a small percentage of respondents (16 percent) saw little or no value in such an offering, while 57 percent indicated they would find this offering "Somewhat Valuable", "Very Valuable" or "Extremely Valuable" as indicated in Graph 1.[5] In other words, cardholders like the ability to select the merchant type they receive offers from as well as determine how often they receive those offers.

**Graph 1**

**Perceived Value of Partnership Marketing***




*Percent UK survey respondents choosing from "Somewhat Valuable" to "Extremely Valuable"

*Source: 2016 TSYS UK Consumer Payment Study*

Groupon Inc. (GRPN) is one example of a company that could benefit from this approach. The site offers deals to restaurants, merchants and service providers that are emailed daily to Groupon subscribers. Upon its 2008 launch during the global financial crisis, Groupon seemed to have revived the coupon as a business model and soon after went public, reaching a valuation just shy of $15 billion.[6] But problems for the company mounted as witnessed by its market cap falling to its current value of less than $2 billion. While the company has largely adhered to the letter of opt-in regulations, the irrelevance of the offers was likely a key factor that stymied Groupon's success. Furthermore, the Groupon model has encouraged subscribers to look for deals without assuming loyalty to any one or particular set of merchants. In turn, merchants were left paying hefty fees and receiving minimal profits or benefits from the partnership.

**Strategy #4: Value exchange opt-in**

A complementary approach to the target opt-in strategy is to align the value exchange in each engagement within the purchasing cycle by developing reasons for deeper dialogue, asking questions to narrow areas of focus and opportunities. A simple example comes from the greeting card industry: Moonpig, a personalised digital greeting card provider, asks its customers upon checkout, "Would you like a reminder for others' birthdays?" In asking the question, Moonpig opens a brief dialogue with its customers and enhances the relationship. This approach works well when there is a longer period of time between purchase cycles – such as is the case with mortgages, current accounts and consumer vehicle leasing. BMW providing timely updates of its satellite navigation software upgrades is another example of a brand avoiding a hard-sell approach and adding value at each engagement while deepening the dialogue along the customer life cycle. The goal is to add value to customers' lives rather than having a myopic focus on the "next sell."

customer experience by providing personalised promotions and offers on customers' mobile devices. Starbucks has also rolled out location-based mobile ads in the UK. According to an article on ClickZ.com, "The xAd network tracks consumers' device IDs and locations, then uses that information to deliver targeted advertising."[8] Thanks to the mobile ads, Starbucks has found that visits to the chain increased by more than 100 percent after consumers saw the ads.[8]

Other types of retail businesses are also using LBS to increase traffic and transactions. London's Regent Street

**The goal is to add value to customers' lives rather than having a myopic focus on the "next sell."**

shopping district – comprised of merchants like Burberry, Apple and Hugo Boss – launched an app that communicates with shoppers whose mobile devices it detects are nearby. "Nearly 80 percent of the merchants on Regent Street have since installed sensors at their entrances, designed to communicate with nearby mobile devices," the ClickZ article says. "The app–which is available for iOS, with an Android version in the pipeline transmits promotions, product reminders, and special offers, based on the preferences selected by users."[9]

In essence, issuers should aim to build relevancy and personalisation with their opt-in merchant offers, optimising each one to best fit each customer. Further, issuers can take a cue from successful companies like Amazon that use sophisticated predictive algorithms to present products that might be of interest to a consumer. Issuers can expect to increase conversion and establish stronger customer relationships by leveraging customer insights to present partner offers that are personalised and relevant – yet enticing. For example, for those that have bought an increasing amount of diapers, how about tactfully offering life insurance products?

## Recommendation #2: Create Well-Executed Geo-Targeted Marketing Initiatives

Geo-targeting is defined as a "location-based service (LBS) where layers of location intelligence allow a brand to make decisions or take some action based on a geographical area."[7] The technology enabling LBS is varied, with beacons, WiFi, QR codes, SMS texts and in-app programmes all in the market today. And, yes, according to Tatango.com, "the number one rule for location-based marketing is that you need permission to locate a mobile device."[7] One of today's most popular apps relying on LBS is Uber. Based on the location of one's phone when using the service, the app is able to signal a car and suggest how quickly the driver can reach the designated pick-up location. This phenomenon is critical to understanding the importance of evolving consumer expectations for contextual dialogue and engagement.

Plenty of brands are deploying and piloting geo-targeted marketing initiatives. One notable early adopter is coffeehouse chain Starbucks, which in the U.S. uses location-based communication to enhance the

Another recent example comes from Barcelona where McDonald's piloted a near-field communication (NFC) and QR code-based campaign locating interactive posters on light posts in the vicinity of a McDonald's restaurant. As shown in Graph 2, results after one month were encouraging, with 354 connections being made with consumers' smartphones and

**Graph 2**

**LBS Campaign Results in Fast Food Sector**

RESULTS

| | |
|---|---|
| **354** | Connections on 2 City Lights Posters |
| **37%** | Redemption |
| **95%** | Of the redemptions in 30 minutes or less |
| **42%** | NFC vs QR codes |


**CAMPAIGN: 1 MONTH**

*Source: 2016 Merchant Payments Ecosystem Conference* a 37-percent redemption rate, 95 percent of which were redeemed within 30 minutes.[10]

Many offers for items and services that are consumed immediately can be incredibly powerful if they are geographically oriented and made in real time. Truly geo-targeted permission-based offers can fulfil the promise of delivering the right offer, at the right time to the right person – putting issuers in a commanding position amidst all the technological advances. While most any merchant or service provider can come along with beacon alert technology, the issuer's access to leverage purchase data is a powerful proposition that makes the contextual marketing complete. Further, consumers trust FIs with their sensitive personal data more than any other type of entity. In TSYS' *2015 UK Consumer m-Payments Survey*, cardholders were asked "Whose mobile payment app would you most trust to safeguard your personal and financial information?" As illustrated in Graph 3, sixty-two percent of respondents stated that their primary FI/ issuer was the most trusted source, more than three times higher than the 18 percent who stated card associations.

**While most any merchant or service provider can come along with beacon alert technology, the issuer's access to leverage purchase data is a powerful proposition that makes the contextual marketing complete.**

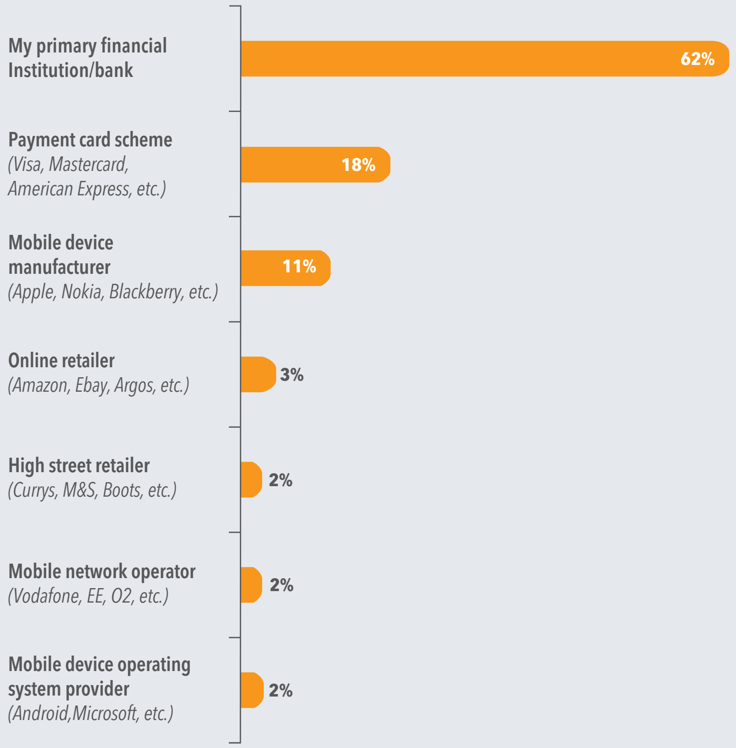
While geo-targeting presents many opportunities to support and elevate permission-based marketing, there are many barriers to contend with. As stated by Bill Schmarzo, CTO of EMC Corp.'s global services group: "From the customer's perspective, there are privacy and security concerns. And even where consumers accept the benefits of geo-location, companies face technology issues, from data integration to the ability to operate in a real-time environment, which is crucial to make geo-location work."[10]

### Recommendation #3: Provide Cardholders the Controls.

Cardholders want to be able to self-determine the types of merchant offers they receive, along with where they receive them and in what frequency. Offering self-directed controls allows some cardholders to accept all offers that fit their lifestyles, whereas others may want offers to have a tighter focus, such as only receiving promotions for specific airlines or geographic destinations. Cardholders may want to activate and deactivate functions specific to card usage, such as notifications around fraud alerts, card-not-present transactions or purchases more than $500. And controls will increasingly be extended to types of offers, including LBS ones that cardholders may receive. Those controls should allow cardholders to choose how to pay off these purchases, whether immediately by enabling payments by proximity – such as the case with the Starbucks mobile app – through their regular monthly bill, or via an installment plan. When consumers have control, they feel more comfortable and secure. Imagine the value to merchants if an issuer allowed them to target a product to those customers that have identified a desire for it, resulting in a far better conversion rate than blindly targeting everyone.

**Graph 3**

**Preferred Mobile Payment App Source to Safeguard Personal and Financial Information**




*Source: TSYS 2015 UK Consumer m-Payments Study*

The *TSYS Bring Your Own Persona* report discusses the various levels of control consumers want. For example, so-called "paranoids" will be protective of their data and must be persuaded that there is value in sharing it. On the other end of the spectrum, some consumers are happy to accept messages and offers from a wide array of merchants and through myriad communication channels. Many people fall in the middle: they want some control over how often and when they receive offers, but aren't inclined to spend much energy and time fully optimising their choices. Building preconfigured responses based on the various personas outlined in the TSYS report can help address these challenges.

Issuers have the great advantage of being able to leverage large amounts of data – particularly transactional data – about their cardholders, giving them the ability to micro-target. Rather than providing too many or too few options on enrolment to a rewards programme, the FI can present a core selection of interests based on the cardholder's recent or recurring purchases. Many cardholders will utilise these pre-configurations to simply validate that the issuer truly understands their needs and interests. Once that trust is established, the cardholder could be presented with the opportunity to opt in to further offers. Tinder, the location-based dating service and social media phenomenon, allows users to make a simple left or right swiping motion to show interest in potential romantic matches. Such Tinder-type swiping would be an easy way for consumers to simply say "no," even when algorithms have identified what they thought was the perfect offer. For example, home delivery of vegetable boxes may not appeal to all vegetarians, giving people an easy out. Future communications then must not include future vegetable-oriented offers. Issuers should also focus on how to make the enrolment process smarter to promote greater uptake rather than managing data once a cardholder is enrolled.

**Tinder-type swiping would be an easy way for consumers to simply say "no," even when algorithms have identified what they thought was the perfect offer.**

**Recommendation #4: Increase Channel Optimization.**
In today's omni-channel world, permission marketing campaigns and their supporting messages must be delivered to cardholders across multiple channels, including online statements, email communications, mobile apps and increasingly in the LBS realm. While all consumers likely have some digital exposure, their savviness and propensity for operating in the digital realm varies greatly. Therefore, it is essential that permission marketing initiatives offer customers communication engagement opportunities across multiple channels.

However, it must not be assumed that mobile users will engage one way while laptop users will engage another. Most customers interact with their FI across several channels: For example, in the collections realm, findings suggest that 9 percent will engage on four different touch points (Web, email, text, and agent), and the ones who engage on only one are in the minority. Ninety percent of texts are read within three minutes of receipt, and the fact that they're not all responded to via text does not mean they're ineffective, which we see when we track a customer's activity across all channels as a single dialogue.[12] While these stats are specific to collections, they are directionally accurate for all consumer engagement. Consumers may start a transaction or interaction on mobile, access it later on a tablet and perhaps complete it on their laptop. One example could be of an issuer providing a cardholder the opportunity to move a large payment to an instalment plan; this could be done at the terminal, through the mobile device when the purchase is made, or post-transaction via web self-service accessed on a laptop.

So permission-based marketing initiatives must work for all customers in a manner that is platform-agnostic. It is also important to achieve continuity in the customer service realm: understanding where the customer is in the process provides a single customer view. The value of using an omni-channel solution isn't limited to improving engagement with cardholders; it also provides a single vantage point that allows customer service agents full access to customers' dialogue throughout the institution. Rather than constrain each customer interaction to a single and isolated event, a single, omni-channel approach provides a holistic view of the customers' responses and pattern of interactions with the institution. Additionally, it allows synchronization of messaging and offers to each customer, regardless of how that customer chose to engage. Deploying a synchronised communications programme across all channels, including in-app, Web, email, and SMS will be critical to any permission-marketing programme.

Clearly, there is merit in ensuring the content is right for the context. For example, certain content, such as location-based offers, barcode scanners or even location-based alerts, will be more appropriate for mobile. Further, learning how the customer likes to communicate and using their language could help deepen and personalise relationships. Aligning not only the style but also the content of communications and offers to the best-suited channel is critical too. Understanding customers' social media profiles may offer insight in how to engage with them.

## CONCLUSION

Issuers that want to succeed at offering CLOs must follow the rules and best practices of permission marketing. Given the changing nature and needs of marketing in the digital era, companies' permission marketing strategies must be updated to maintain relevancy – and to truly enable brands to create a compelling dialogue with customers who granted them permission to do so. Those FIs that update their strategies will enjoy the rewards of tapping into an opportunity for deepening customer relationships and generating incremental income.

Ultimately, a card issuer's success using permission marketing depends heavily on meeting consumers' needs and expectations. The four recommendations to enhance the customer's digital journey will guide issuers to implement a successful permission marketing-driven CLO programme.

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In his current role, Beard focuses on identifying and prioritizing evolving market drivers and their impacts to TSYS' issuing clients. In his tenure at TSYS, Beard has held a variety of previous roles in TSYS International and product marketing, where he was responsible for assessing new markets, delivering product launches and thought leadership efforts.

Prior to joining TSYS in 2008, he spent 15 years in sales and marketing positions in the U.S. and Latin America, with experience ranging from Fortune 500 companies to start-ups. Beard holds a degree in Spanish and economics from St. Lawrence University, as well as an International MBA from the University of South Carolina. He can be contacted at *mbeard@tsys.com* or *www.twitter.com/morgan_beard*.

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Andy Kulina has over 20 years' experience in helping companies develop customer engagement, growth and retention strategies. While focused primarily on helping issuers and schemes create a powerful customer value exchange, Kulina has also worked with multinational companies across multiple sectors including Retail, FMCG and Media.

Cambridge Loyalty *(www.cambridgeloyalty.com)* is a boutique consultancy based in the U.K. that specialises in both strategic and operational consultancy. Operational consultancy is critical, as many "good ideas" never make it to launch because of various challenges within a large organisation. Cambridge Loyalty provides key roles such as programme directors and interim management to ensure all stakeholders are engaged to ensure any new business strategies consider the needs and constraints of areas like IT, Marketing and Legal. Kulina can be contacted at *andy@cambridgeloyalty.com*

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At TSYS® (NYSE: TSS), we believe payments should revolve around people, not the other way around. We call this belief People-Centered Payments®. By putting people at the center of every decision we make, TSYS supports financial institutions, businesses and governments in more than 80 countries. Through NetSpend®, A TSYS Company, we empower consumers with the convenience, security, and freedom to be self-banked. TSYS offers issuer services and merchant payment acceptance for credit, debit, prepaid, healthcare and business solutions.

TSYS' headquarters are located in Columbus, Ga., U.S.A., with local offices spread across the Americas, EMEA and Asia-Pacific. TSYS is a member of The Civic 50 and was named one of the 2015 World's Most Ethical Companies by Ethisphere magazine. TSYS routinely posts all important information on its website. For more, visit us at *www.tsys.com*.

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