

# 9 tips

FOR BUILDING AN OUTSTANDING  
LOYALTY PROGRAM



Virtually everywhere you spend money - from the neighborhood grocery to your favorite resort destinations - you'll likely encounter customer retention in some form. Loyalty marketing, as a practice, has come into its own over the five years and as the technology to build and maintain these programs matures, this trend will only continue to grow.

Although rewarding faithful customers with products and experiences looks different today than in the pre-tech past, the concept of consumer loyalty is about as old as retail itself: Build the type of deeply personal relationships with your customers that embody a profound understanding of their needs and leverage that trust to earn repeat business.

Shoppers still want these types of personalized experiences and perks, and businesses, of course, still want to use them in order to compel them to further action. Yet, utilizing these tools to build relationships that scale in an omnichannel world has become a vastly more complex proposition than it was, even 20 years ago.


It takes an unprecedented level of marketing, strategy and technology expertise just to stay competitive. Business owners and marketers are now faced with simultaneously selling in-store, online, over the phone, and on mobile devices. The result can be an overwhelming network of software that often seem to create even more distance between themselves and the customer than ever before.

And while this all may seem a bit overwhelming, it's a great place to get started. It's the point at which you, perhaps interested in how customer retention programs could positively affect your bottom line, want to know what's next. How do you make the best use of the technology at hand, not just to give discounts, but to form better relationships? How do you earn customers' trust with engaging content that drives traffic? How do you build an outstanding loyalty program?

# Intro

**B**efore we get too deep in the weeds, it's important to outline one important concept. It's tempting to boil loyalty software down to a simple tool — a system for the distribution of incentives based on specified purchasing behavior. We encourage you to adopt a deeper understanding of what a loyalty programs should accomplish though.

**Beyond monetary incentives, what value are you providing to your customers? Why should they care?**



Keep these rules top of mind as you start building your program to ensure that your investment leads to profitable and long-lasting relationships for both you and your customers:

- They should help customers better understand and identify with your brand.
- They should allow your customers to engage you in a way that is convenient for them.
- They should provide subject matter that holds relevant value for the customers you're targeting.



# 1

## Centralize Your Data

Every time you interact with a customer you're gaining potentially valuable data points. Over time, the information about each customer's behavior gives you a rich data set for analysis and a clearer picture of who your best customers are and why they shop with you.

That means that you have a lot of information and activities to track. Running concurrent sales and promotions, maintaining customer records, and fine-tuning segmented marketing campaigns can feel like an overwhelming task.

You're excited about big data, but know that the numbers are only as good as the insights you can extract from them. You need some way to filter out the noise and mold the rest into something actionable.

Fortunately, many loyalty marketing companies are, with greater frequency, taking a page out of the B2B playbook and investing in a retail Customer Relationship Management (CRM) experience. CRM applications consolidate your disparate customer profiles, purchase history, promotions, and business intelligence in one easy-to-use dashboard that serves as the backbone of your member-based loyalty program.



# These are the four core CRM capabilities that will help you understand your data

- 1 Customer Management:** Data pollution is one of the biggest challenges digital marketers face and the single largest culprit in your loyalty program is likely to be customer records. These records can often be duplicated across channels with varying sets of information that likely determine the types of offers your customer receives. Your retail CRM should automatically recognize, aggregate, and normalize duplicate customer data arriving from any touch point.
- 2 Promotions:** Once your loyalty program gets going, it's likely that you'll be running many campaigns, simultaneously. Being able to see how these programs overlap and interact is crucial to managing your overall strategy.
- 3 Segmentation:** So you're adding lots of new members to your program. Consumer targeting is likely one of the most important functions that your loyalty CRM will help you to perform. You need to be able to sort and sift through program members by important data points including static demographics, but more importantly, their purchase history and habits.
- 4 Analytics:** Big data is... big. And while potentially having millions of data points about your customers is never a bad thing, you're going to need a way to process that information so that you can tell a story about who your customers are and what strategies they're responding to. Tools like loyalty dash boards that help quantify program metrics through data visualization, provide on-demand insights, and give your actionable intelligence, so you can keep growing.

# 2

## Make it Easy for Your Customers

**C**ustomers want to buy your products. Make it easy for them by removing the barriers to purchase. A great omnichannel loyalty program should mirror the simplicity of this relationship by allowing customers to signup, utilize, and transact with your brand from anywhere, at anytime.

**1** No one likes giving out their personal information and often times this can be a major barrier to entry. Allow customers to self-serve through any touchpoint they feel most comfortable with and before the point of purchase.

**2** Transactions should feel natural and easy. Integrating benefits at the point of sale—regardless of whether that happens in a physical store, your website, or mobile application—improves “in-flow” customer retention.

**3** Customers are becoming less bound to brick-and-mortar store locations. Give them the freedom to order and exchange merchandise from anywhere with advanced order processing plugins, which gives you a centralized inventory of products across all of your locations.



# 3

## Provide Instant Gratification

**W**e live in an age dominated by the instant gratification. You want to feel the immediate reward of your engagement with a brand and so do your customers. bLoyal data shows that shoppers who receive benefits like instant sign up rewards are up to 62% more likely to remain active in your program beyond thirty days.

The advantages of a real-time relationship goes far beyond rewards, however. It's time to think a little bigger. Consider the ability for you to launch up-to-the-minute offers and promotions that are based off current inventory, your customer's location, or even limited time sales.

### Here are a couple of the most powerful ways to leverage real-time benefits to build your program:

- 1) Don't wait for your customers to make the first move. Instant sign-up rewards give new members an immediate sense of satisfaction and can significantly increase program stickiness by developing a perceived sunk cost. That is, when they're immediately awarded for joining, they're more likely to finish the purchasing cycle and adopt your program into their daily routine.
- 2) Generate word-of-mouth marketing by offering members instant rewards for referring a friend. This can come in the form of shared content on social media or even offering ambassadors a reward when the person they referred makes their first purchase. Word-of-mouth is one of the strongest drivers of new retail business: In fact, 74% of shoppers say that word-of-mouth as a key influencer in their purchasing decision.

# 4

## Stay in Touch

**Y**our loyalty program members are part of an exclusive club. Make them feel like it. Beyond just spending money with you, they're helping to build valuable insights into how people engage with and shop your brand. It's important to tell them how much you value their business by reminding them of their membership benefits.

Communicate this message clearly and regularly with value added benefits and perks and relevant marketing.

### **A few ways to stay connected:**

**Email:** Reach out to program members through monthly email blasts, newsletters, holiday specials, and more.

**Remarketing / Retargeting:** Leverage customer information like interests and purchase history in display advertising. The [website softwareadvice.com](http://website.softwareadvice.com) says that website visitors who are retargeted with display ads are 70% more likely to convert on your site.

**Push notification:** Send geo-targeted push notifications through your brand's native or web-based application when customers near your place of business to increase average order value by up to 20%.





# 5

## Expose Your Program

Let your loyalty flag fly. Often, loyalty is treated as an afterthought, getting relegated to the back end of a transaction. This is true in both brick-and-mortar shops and ecommerce environments.

Your loyalty program is a distinct product and there are countless ways to market it:

**Members-Only Pricing:** Grocery stores have long relied on club-style exclusive pricing comparisons to encourage new membership growth. Tell people what they stand to gain by joining your program with comparisons against non-member prices.

**Segmented Advertising:** Not all conversions are monetary. Don't forget that when someone joins your program, they are providing you valuable personal information. When you combine that with other members' data, you gain 30,000 ft. insights into when, how, and why customers with similar attributes are engaging with your various marketing campaigns and products.

**Calls to Action:** Putting your loyalty program front and center can be as simple as reminding folks to sign on to the relationship earlier. Build calls to action for your loyalty program on your website and apps. Add them to your existing email marketing campaigns, either as a button with eye-catching treatment, or in a consistent location, such as your website's mast head.

# 6

## Experiment & Optimize

**C**onsumer behavior can look very different based on industry, age, and geographic area. It's important to know what customers expect from a loyalty program within your competitive space. Get creative about how you incentivize shoppers, gather data about which programs they respond to, and begin working outward from there.

**Points Multipliers:** Points multipliers encourage new members to join your program and existing members to take specific actions. For example, customers could gain bonus points for purchasing certain seasonal or sale inventory, or for referring new program members.

**Product & Point Level Accruals:** Accrual benefits are applied when your program members spend a certain amount or reach a purchase threshold. You can add an element of gamification to your program by creating specific spending goals or objectives.

**Omnichannel Incentives:** Encourage more frequent engagement across locations, platforms, and channels. For instance, coffee shops have long awarded free beverages after a certain number of drink purchases. Add a dimension to your program by encourage customers to order drinks through your mobile app before arriving at the location in exchange for added bonuses.

# 7

## Define Success & Get Better Data

**A**s marketers, our jobs frequently depend on the ability to use the data generated over the course of various campaigns to tell a story about who our customers are and why they're buying from us.

It's incredibly important to create KPIs that define your loyalty marketing objectives, how you'll collect the data to support them, and the timeframe for achieving those goals. Defining measurements for success will make it easier for you to pivot and try new methods down the line.





## Set attainable goals

There are few more disappointing experiences in the course of a big new program than setting a lofty goal and not meeting it. Dream big, but keep it realistic. Growth happens more often in small increments over a long period of consistent action than in hockey-stick style upward momentum. Find small wins and build on them. Here are some examples of reasonable targets:

- Increase email offer redemptions by 10% over 3 months

- Get 5% more sign-ups through your online store in the next 30 days

- Grow your bottom line by 2% over the next year

## Make small changes

Like all marketing efforts, it can be tempting to jump wildly from one promotion to the next grasping at the dark in search of your next big win. Instead, try A/B testing, assessing results, and making micro adjustments over a set period of time. Ninety day campaigns will usually provide you with enough data to make an informed decision.

## Understand what matters

Not all performance indicators were created equal. Keep an eye on these two critical metrics over the course of any given campaign:

- Redemptions are an important signal that your customer retention programs are having an effect. Where there is an increase in redemptions, there will be an increase in overall net revenue.

- The goal of any given loyalty program is to drive growth in overall customer lifetime value (CLV) and average order value (AOV). CLV can be difficult to measure over short periods, so if your program is firing on all cylinders, your AOV should begin picking up quickly and is the best early indicator of success.

## Use purchase history

Say it to yourself until it sticks: Purchase history + demographics > demographics alone. Combine what you know about your customers' purchases with static demographic data, and you can increase engagement up to 40% over what you'd gain with a promotion based only on demographics.

# 8

## Push the Limits

So, things are going well and your loyalty program is performing admirably. Don't stop there! It's easy to stick with what's currently working, but if you've picked the right software, you probably have a lot of opportunities to get even more value from your investment.

### Ambassador or Referral Programs:

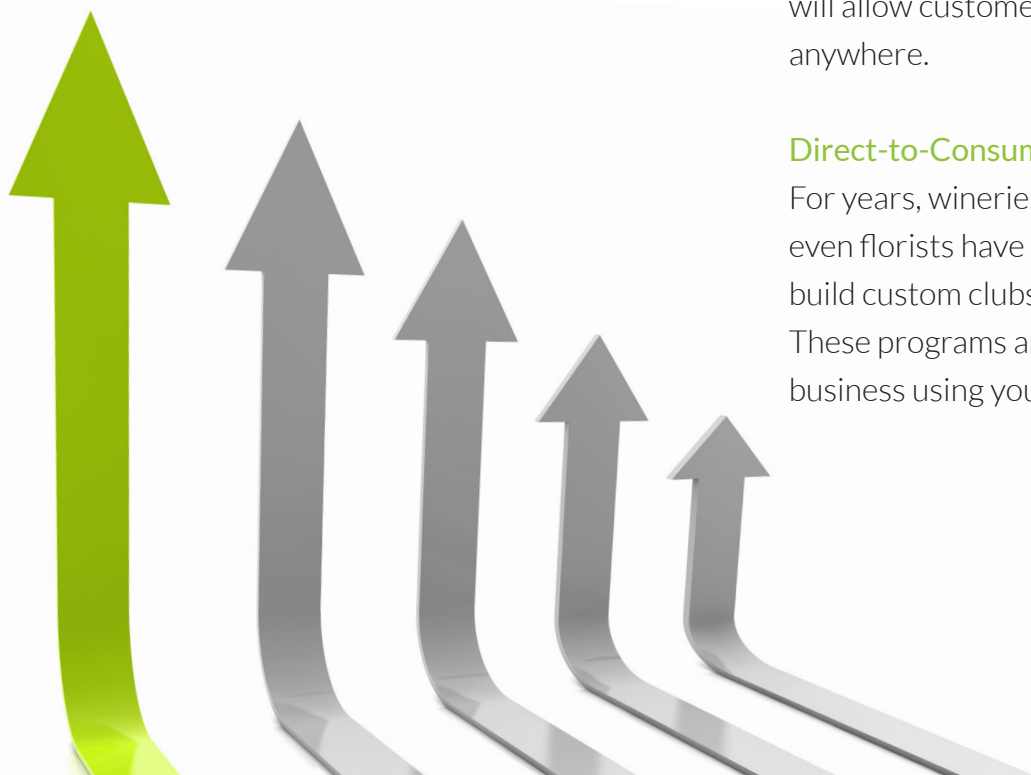
Reward customers that spread the good news about your products on social media, through email, or in-store by giving them bonus points, products, or loyalty dollars when their referral results in a new member.

### Order Processing:

The same technology that's used to drive many omnichannel loyalty programs also has the capability to power a single or virtual shelf that will allow customers to order or receive products anywhere.

### Direct-to-Consumer Programs:

For years, wineries, cigar clubs, gun ranges, and even florists have been using loyalty software to build custom clubs and subscription programs. These programs are a great way to build ongoing business using your loyalty program software.



# 9

## Remember Why You're Doing This

Always remember that behind all the technology, the purpose of a great loyalty program is to build a real-time personal relationship with your customers over a broad period of time. Brands that excel at consumer loyalty consistently ask themselves the following questions:

### Is my program personal?

Does it foster a closer, more intimate relationship between my brand and my customers?

### Does my program offer value to my customers?

For instance, am I launching a segmented marketing campaign for red shoes to an audience that's never purchased anything red?

### Is my program easily accessible?

Despite our best intentions, powerful technology can sometimes become complicated. It's imperative that your customers can easily access and manage their benefits across all channels, in real time.

### Is my loyalty program evolving?

Your loyalty program software should be continually feeding back actionable insights that you can use to further grow your business.







## We're Here to Help

**W**hether business is new to loyalty marketing or looking for better results from their current program, bLoyal has developed hundreds of proven techniques to improve customer experience and grow our clients' ROI by up to 50%. The suggestions made here are borne of 10 years of experience implementing loyalty-based strategies for hundreds of clients and making a practice of paying attention to what works and what doesn't.

Customer loyalty programs can benefit businesses of all sizes by increasing the size of your orders, generating better word of mouth, and decreasing churn. Understanding all of the best practices that make up an outstanding loyalty program can help you build a roadmap for continually reassessing your brand's customer retention strategy. If you have questions about how to implement these ideas, bLoyal builds powerful loyalty marketing software that makes it easier and more affordable than ever to launch a loyalty program that produces results.

