

FOUR KEY COMPONENTS OF A
SUCCESSFUL LOYALTY PROGRAM

WHITE
PAPER



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Loyalty Marketing: Build a Personal Relationship With Your Customers



Customers are still looking for deals provided the promotional price is larger than the competitor's merchandise cost. A rebate offering will help a customer choose your product. Seventy percent or more Americans take advantage of a rebate offer at least once every year. No wonder half of all major manufacturers and retailers use rebates as part of their normal product promotions. However, the days of businesses looking at rebate programs as an easy promotional opportunity to hook customers in with an initial purchase are finished. With growing dependence on social media and review sites, customers are leery of rebate programs, especially if they have had or have heard of a negative experience. With the anonymity of social media and since Twitter and Facebook are so easily available,

One of the key tools that your company will use in its arsenal to meet important corporate objectives is a loyalty program.

Whether it's retaining or motivating key employees, motivating channel partners, attracting new customers or building brand advocacy, the incentive program design you choose can make or break the desired outcome.



consumers are more able to tell their friends and anyone else who will listen. Besides, they will pay a few extra dollars more for a competitor's products and get their savings immediately rather risk feeling cheated or participate in anything perceived as unnecessarily complicated

We believe that if the redemption process needs to be well managed and easy on your customers. The end user will demand that the payment is quick. With the ease of smartphones and laptops, consumers are educated enough to know there are very few reasons most rebate claims can't be submitted online. Companies should offer online redemption even though it will increase the number of submitted claims. The benefits of online transactions is a reduction in data entry costs, turnaround time, and increased customer satisfaction. The opportunity to market additional products or services to the customer while they are submitting their information on your website also makes the ease of electronic program interaction quite valuable. If these goals are understood than the long-term payoff is substantially higher than the cost savings of unclaimed rebates.

Step 1: Engage Participants through Points-Based Programs



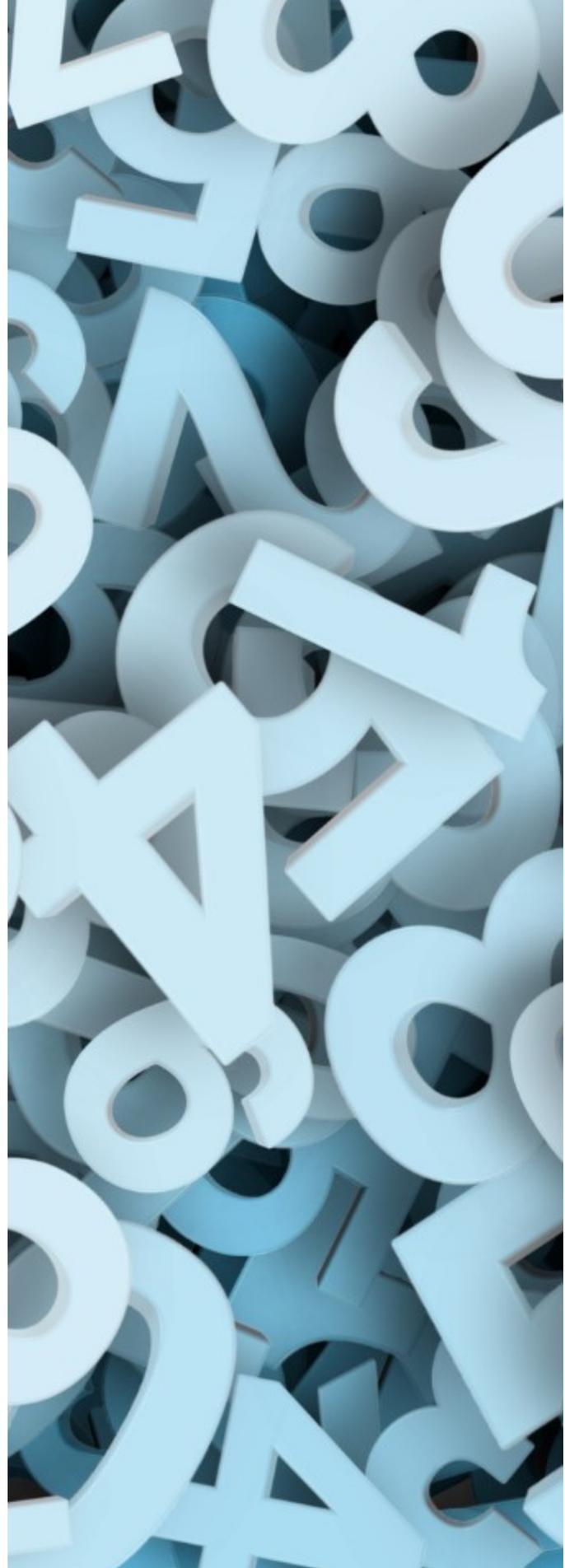
Customers and employees enjoy earning points in incentive programs that they can spend on VISA® Prepaid cards, gift cards, travel, and name brand merchandise. As the end-user complete steps and goals set by the rules of the program created by the company, they respond enthusiastically and favorably. The modern consumer is well informed with what is required to participate in points-based reward models. That's a given.

Where it gets complicated is choosing the right company that is well

versed in highly responsive incentive programs, the incentives, and rewards today's diverse audiences demand and the advanced technologies needed to support multi-channel marketing initiatives. Finding a loyalty marketing firm that can dynamically group your needs via microservices while integrating seamlessly into an existing CRM system is important for your reward system to succeed. When plugging into an existing system is not an option make sure you have an application that can operate externally with minimal engagement break in user experience.

Case Study: In addition to earning miles, A national air carrier allows their members to earn tier points. The club inducts members at an entry-level tier, then bumps them up to higher levels as the customer purchases more tickets and accumulates more miles. The tiers go up two more levels ultimately landing at Gold status.

Each level has its perks, and they accumulate as clients move up the ranks. The starting tier allows members to earn miles on flights and get discounts on rental cars, hotels, and even airport parking. The next level allows a percentage increase on points for flights and has access to special check-in and priority seating. Lastly, the top tier members get all the previous rewards plus access to the airlines prestigious clubhouse. The key is to offer benefits in the early stages to hook the customer into coming back. Once they do, they'll realize that "gold" status isn't unattainable and offers cool benefits.



Step 2: Keep Your Current Customers Happy and Engaged



Programs for customer loyalty can help increase the long-term profitability and revenue streams through increased loyalty and customer retention. A well-organized loyalty incentive program promotes up-selling and cross-selling for other services and products while developing positive product purchasing habits.

Our highly responsive incentive programs motivate program enrollment, providing you the ability to track buying behaviors and access to valuable profile data. Giving critical insight in-

to your customer behavioral economics sets the stage for a goldmine of information for future promotions.

There are many different retention programs that a company can utilize to keep customers happy. Customers do have different needs, and it is important not to initiate one-size fits all retention program. Successfully retaining customers may need an incorporation of a variety of options based on your business and customer base.



Here are some basic retention strategies to consider:

- Reward customers for issues they have experienced
- Increase the rate of purchase bonuses
- Reward customers for following instructions versus calling support.
- Referrals: Reward referrals if clients recommend, tweet, or blog about you.

Case Study: An American restaurant chain known for its burritos, is an example of a company who does the points-based loyalty program well. Customers swipe their stylish Rewards Card at every purchase, and the card tracks the amount of money spent. Every \$50 spent earns the customer a free item. It doesn't matter if that free item is a super jumbo burrito or an extra small smoothie: It's free once the customer spends and records \$50 on their card. This fast food chain is highly successful by knowing their audience and by measuring points in dollars, and rewards in food and drink items.

Step 3: Turn Your Channel Partners into Brand Advocates



Recognizing the importance of managing the partner relationship with a system that can scale and change at a moment's notice will allow you to rely on your network to bring your products and services to market. A SaaS management platform can help you handle even the most difficult marketing challenges when deploying and managing channel sales initiatives.

When creating a platform, you will want to launch and be able to manage it in real-time. The campaign

should be able to centralize partner spiiffs, the incentives, all communications, as well as generate analytics and reporting. The more you engage your partners, the deeper your partner loyalty.

Case Study: A well-known manufacturer of automobiles had an issue that they felt, if fixed, could create a better ROI: they wanted to eliminate cash/check reward incentives payouts to dealerships and to create a program that would provide better education and communication

between the managers and sales' teams dealing with high turnover in staff. Also, the best-designed loyalty program won't work unless the incentive is a product that your end users want and desire. It was here that the cumbersome check issuing process was downplayed and replaced with a prepaid reward card. By adding the Visa Prepaid card products and other high demand products into the reward mix, more than 100,000 checks were replaced annually, along with 4,700 hours of check processing and lowering incentive program costs by more than 30%. The manufacturer was quite satisfied with lower marketing costs, high-profit margins, better-trained employees and an increase in part sales of over 600%.





Step 4: Offering a Rewarding Experience and the Means to Get There

These are rewards that make memories, and they stick emotionally... they cannot be competed with. Experiential rewards are typically a little more expensive on average, but the value is so much more than the cost could ever be. Rewards that provide experiences generate advocacy. Even the simplest experiential rewards are highly prized.

If you aren't already offering this type of reward and have noticed the participation dropping, then it's time to introduce this offering to your choic-

es. This reward goes perfectly with the tier system, by offering better more meaningful prizes with each higher tier the value only goes up to the end user.

Case Study: A large credit card company uses many different types of experience-based rewards including merchandise, gift cards, hotel/resort accommodations, flights, and dining out. By offering a variety of options their customers can pick the event that is perfect for them and by being so unique the end user will



remember who sponsored the event and the opportunity for such a wonderful time. The company even created special hashtags so the events could be shared on social media!

Conclusion

Ready to take the mystery out of the loyalty program process? All Digital Rewards will help you identify the type of incentive program, technology, and rewards necessary to ensure the specific actions or behavior you're looking to measure happens seamlessly. Our expert team will then take over to help you design a program that is well defined and deployed to your audience through one of our dynamic, real-time STACK™ SaaS program management solutions.

At All Digital Rewards, we are dedicated to building brand advocacy, motivating employees and helping sales teams attract and retain customers for our clients. Call today and team up with All Digital Rewards and find out just how easy it is to build a personal partnership with your customers and employees.