

All Digital Rewards



**WHAT ARE BEST PRACTICES
FOR CREATING A CONSUMER
AND CUSTOMER REWARDS
PROGRAM? White Paper**

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What Are Best Practices for Creating a Consumer & Customer Rewards Program?



Consumer and customer rewards programs are a widely popular method of engaging with an organizations' customers, increasing brand loyalty, sales, and more. Over the years, our team at All Digital Rewards has seen changes in participant reward delivery preferences. Evolving participant preferences has sparked a much-needed innovation in promotional and loyalty technology, the security systems that protect it, and the type of rewards and incentives issued through it. Experience has shown All Digital Rewards that some best practices need to evolve to meet ever-changing market demands for reward and incentive promotions and programs. Here are our top 10 best practices.

TOP 10 BEST PRACTICES

1. Have Clear Objectives
2. Target the Right People
3. Be Realistic With Your Reward Budget
4. Incorporate Your Company's Branding and Culture into Your Program
5. All Members of Your Organization Have a Stake in the Program
6. Communication is key
7. Identify the Rules & Processes of Your Program Clearly & Concisely
8. Offer Quality Rewards
9. Get The Data To Track Your Progress
10. Get Quality Feedback



1: Have Clear Objectives

Having objectives is essential to any venture, but unfortunately, it is more common than not for an incentive program manager to outline the program objectives inadequately.

You'd be surprised at how many companies want to start a customer incentive program with the vague goal of simply boosting sales. Increasing your sales isn't the only target, but more profound questions to answer to hone into the program's true objectives.

Consider, is your problem 1)

that you're not bringing in enough new customers, or 2) that your competition is getting all your potential customers? If it is the latter, why? Is it because of prices, or is there a service element that you are failing to offer?

Considering your business' goals, is it better for you to spread a wide net for attracting customers, or should you focus on increasing repeat purchases from a primary group of higher-value customers? Are you looking for repeat visits or several



purchases within a visit?

How many customers do you get from referrals (the cheapest form of marketing)?

Asking these kinds of questions will help you understand why you need a consumer and customer rewards program and what you plan to accomplish with it. A customer incentive rewards program can increase sales and improve customer loyalty, but that barely scratches the surface of what it can do. Some examples of what you can get from a consumer and customer rewards program include:

- Stimulating word-of-mouth referrals;
- Encouraging consumers to opt-in to your communications.
- Warm-up a sales call
- Promote trials or test drives
- Increase sales of specific products.

Use your consumer and customer rewards program in the most thoughtful, most focused way possible.



2: Target the Right People

It would be best if you resisted the desire to target every customer possible with your incentive program. Your highest return on investment will come down to quality, not quantity. Here is what you should focus on:

- High-value consumers — people most likely to buy and make substantial purchases in the future, even if they're not coming to you regularly
- Already-frequent customers.

By focusing on these groups, you will put a more significant investment into the participants who will yield the highest returns.

3: Be Realistic With Your Reward Budget

Best practices dictate that rewards costs should run between 1-3% of sales revenue. Be sure to allocate adequate funds for your program reward redemptions.

4: Incorporate Your Company's Branding and Culture into Your Program



Your customer incentive program is a vital component of your business strategy, and it should serve as a mirror of your company's values and culture. It should be consistent with what your customer already knows about you, not deviating from their expectations of your brand. Keep your program's theme relevant and straightforward to the primary focus of your business. For example, a company focusing on dog grooming and supplies calls their program the "Dirty Paws Club," which draws attention to

their businesses more profitable grooming element, which is a big part of their brand's image. Whereas the company also sells pet toys, food, and other stuff. So by calling the program something like the "Fun Paws Club" or "Snacking Dogs Club," they would lose consistency with their company's overall brand as a full-service groomer.

It is also good to consider how your customers are used to engaging with your company. The mechanics of the program should not be challenging to

learn. For example: If you haven't been using technology as the primary means of interacting with customers, don't use technology as the only method of presenting the customer incentive program. The goal is to create a simple program for participants to comprehend and use to increase engagement.

5: All Members of Your Organization Have a Stake in the Program

The customer incentive program is not just for a sales or marketing department. As mentioned before, creating an incentive program is a significant part of your business strategy and should include every department within the business. Human resources, logistics, operations, IT, supply chain, and other departments must understand how your program works, its implications, and how they can communicate it to customers who might ask. In addition to your communications, once your program has launched and starts to show results, it can impact stuff like your inventory planning, fulfillment of orders, and so much more. No one wants their incentive program to crash and burn because some part of the chain was un-





prepared for a boost in sales or a flood of communications requests.

Of course, the customer incentive program needs a champion - a specific team or person within your organization who will be accountable for every aspect of planning, design, promotion, implementation, and measurement. However, the Incentive Performance Center recommends that if you intend to spend six figures or more on a program, you should use an outside expert:

"Not only are the stakes higher, but you will likely find that the logistics involved with launching a major program rival those of any other type of

6: Communication is key

It is essential to get your marketing team to develop an effective communications plan before launching your customer incentive rewards program. Along with introducing participants to the program, you will need to maintain communications with your internal stakeholders to understand and support the program. Ongoing communications should be consistent with highlighting various aspects of your program, such as new reward offerings, product promotions, etc. Use every available method to increase your pro-



gram's visibility to your participants — and leverage their engagement as a captive audience to strengthen your brand, increase product knowledge, disseminate key marketing messages, education, and more.

You can use sticky, program-related communications to help get your messages across. Include items like monthly statements, email updates, newsletters, your program website, blogs, social media— you can even create an app for the program!

7: Identify the Rules & Processes of Your Program Clearly & Concisely

Take the time here to deeply consider how your customer incentive program can and should work. What are the rules for participation? How will the program engage your participants, and in what manner? What mechanics are involved in the program — is it a points-based program, and if so, what is the point value? What will the participant do to earn points? How does the participant

redeem their rewards? Plan out every step of your program and test the processes with people in various parts of your company to make sure things are clear and user-friendly. There should be no confusion about any part of the program.

Remember that asking for overly complicated actions will decrease participant motivation and participation. One way to keep a program feeling fresh and effort-focused is to use it to promote just a few primary products or services during a specific sales period — and then feature different products at other times.

8: Offer Quality Rewards

Put together a rewards mix that is tailored specifically to your participants. Consider your program's demographics, mainly if you are in a B-2-B organization: Age, region, gender, and more can affect the interests of your demographics. The rewards you offer need to fit the audience you're engaging.

It is worth considering a tiered reward program with different redemption levels so that participants have a chance to earn rewards quickly at every level of earning.





9: Get The Data To Track Your Progress

For best results, implement your customer incentive program on a feature-rich full-service technology platform that will generate comprehensive reporting with the ability to customizable reports specific to your needs, either ad hoc or with Metabase data. Your data analysis should include as much relevant information as to measure your program's success effectively. Some main insights should consist of:

Participant response to the program:

- Enrollments—by location and other demographics
- Who is participating in the program?
- What behaviors are being exhibited by participants?
- How soon do participants respond after receiving communications?

For general operations data, consider including data from a customer rela-

tionship management system (CRM). The aggregated data helps understand:

- Which locations/regions show the highest program participation?
- What rewards are participants redeeming — by participant type, item, and geographic location
- How were the actions of participants different than those of non-participants?
- What was the sale rate for repeat customers among participants compared to non-participants?

Data tracking and analysis should be a regular part of the routine for your incentive program allowing for easy implementation of improvements, enhanced communications, and other steps to increase your program's success.

10: Get Quality Feedback

Customer incentive program's return on investment can be more precise than other types of marketing because they easily document specific outcomes and actions. Through the use of a combination of data analysis from the incentive program technology platform, CRM, and any other business systems in use, along with more pertinent information gained through participant surveys, you can more effectively understand:

- Customer values of active participants in comparison to non-participant customers.
- Customer complaint frequency, comparing complaints from participants versus non-participants
- The nature of complaints from participants versus non-participants.
- Repeat purchase frequency between participants and non-participants.
- Effect of the program on the likelihood of participants making repeat purchases.
- Cost vs. Incremental profits from the incentive program
- Rate of referrals from participants.
- Feedback about the program usability and or rewards.

At All Digital Rewards, we have the rewards, technology, and know-how to help you with all your incentive program needs. Our incentive program experts will set you up for success with custom-tailored solutions to meet your organization's goals from start to finish. Please find out more about our Rewards technology and services; call 1-866-415-7703 or click the button below to schedule a demo.