6 QUESTIONS

to Ask When Crafting a Winning Customer Loyalty Program

6 Questions to Ask When Crafting a Winning Customer Loyalty Program

INTRODUCTION: WHY START A LOYALTY PROGRAM?

You might be wondering if a loyalty program is right for your business. While it takes some work to set up properly, the rewards aren't just for your customers, they are for you, too. Check out these five great reasons to get your loyalty program off the ground.

- Customers buy 20% more, in a shorter amount of time, when motivated by a reward.[1]

- Returning customers spend 31% more than a new customer, and are 50% more likely to try new products.[2]

- Customers that are engaged with brands and their loyalty programs purchase 90% more frequently, spend 60% more per transaction, and are five times as likely to choose the brand in the future.[3]

- 88% of consumers are either happy with how much they engage with loyalty programs currently OR plan on increase how much they engage with loyalty programs in 2017.[4]

- 43% of customers are willing to share personal data with a retailer, with 61% of those doing so in exchange for loyalty program points and rewards.[5]

[1] http://home.uchicago.edu/ourminsky/Goal-Gradient_Illusionary_Goal_Progress.pdf

[2] https://www.slideshare.net/actonsoftware/act-on-marketing-automation-beyond-customer-acquisition

[3] http://www.rosetta.com/assets/pdf/Customer-Engagement-from-the-Consumers-Perspective.pdf

[4] http://go.loyalty.com/debunking-the-millennial-myth

[5] http://www.retaildive.com/news/despite-expectations-of-personalization-most-shoppers-dont-want-to-share/439610

1. How do I choose the right program format?

There are three types of loyalty program formats to choose from, each with its own pros and cons, depending on the specific type of business you do and the goals you have for the program. Even within mobile app loyalty programs, there are choices to make.

PUNCHES: Your classic buy-9-get-the-10th-free, frequency-based program.

Punch programs are easy for customers to understand, cheap to run (all it takes is some printed cards if you don't want to go mobile), and easily tiered for increasing levels of purchase behavior. Downsides of not using a mobile app include the requirement that customers remember to bring their card, the need for a custom stamp or punch to avoid easy cheating, and it completely misses the opportunity to collect customer and purchase info, barring any further marketing efforts based on what you learn. If you are using an app, this is often a great entry point for when constructing a new loyalty program.

POINTS: Customers earn a specific point value based on purchase amount.

It's also easily understood by customers: spend X dollars, get Y points. It's also easily tiered for customers to achieve even greater rewards for greater purchases. And it's consistent; program rewards don't ever change, even if prices do. Downsides include a greater effort to manage, as the store has to keep track of points for customers, and it lacks instant gratification, as this type makes visitors wait the longest to achieve a reward.

CASH-BACK: Customers earn money back they can spend on future purchases.

Customers love cash, and accruing cash back is a great way to make a customer feel good about frequenting your business. Requiring they spend the reward in your business drives customers back for additional visits. And it's also simple to understand: spend X, get Y back. Downsides include a long, potentially expensive wait for reward, as generally cash-back rates are low. And for infrequent visitors, this type of program has little appeal, again, due to the long wait to reward.

2. How do I bring my team on board?

While smart business owners know that their employees are their greatest asset, they're even more important when launching a loyalty program. The success of any loyalty program lies at the feet of the business owner because it's up to them to properly lead, train, and motivate employees to push the loyalty program during each and every customer interaction.

To get your team up to speed on your loyalty program, it's imperative that you:

Demo the app with your whole team.

Gather your team for a meeting and have them all download the app to their phones. Then have them practice checking themselves in like a customer would. It's helpful to see how the process works from both sides of the counter.

Make sure they greet customers by name.

One of the greatest advantages of today's loyalty programs is that they're smartphone based. That means when a customer checks in to the program upon entering the store, their customer information is there on the point of sale. Never fail to use this to your advantage by training employees to frequently check the loyalty program check-ins, enabling them to greet each and every customer by name.

Make sure customers are presented with the opportunity to become members — every time.

If a customer hasn't checked in and the cashier isn't able to greet them by name, then they should be sure to pitch the program during the transaction. Signups are the lifeblood of any loyalty program, but customers aren't going to find their way to it on their own. Ensure your employees are trained to introduce it to every customer.

Train staff on overcoming objections and answering frequently asked questions.

Customers will come up with any excuse not to join. That's why it's important to practice for common objections to signing up and train your staff on how to overcome them. Also, there are always a handful of questions customers will ask again and again. Anticipate them and make sure employees know them by heart.

3. How do I launch my program?

You've picked a program, you've trained your staff—now it's time to launch. While day-to-day signups are the gas that makes loyalty programs go, getting the word out prior to launch will ensure your customers know what you're offering and how they can get in on the fun.

Be sure to try:

Offering a juicy signup special.

Set the tone for your program and make it too good for them not to join by offering a special for signups. Announce a signup special before launch, and give customers who opt in to be notified by email a double reward once it's go-time.

Promo-ing everywhere.

Prior to launch, make sure your customers know what's coming. Place signage in-store, incorporate messages into your social feeds, place a message or link on your receipts, or drop a card into carry-out bags. Having been exposed to the idea, your customers are more likely to take an interest when you begin pitching it at the register.

Making a day of it.

Everyone loves a party, and a rewards program is a way to celebrate your customers. So why not combine the two and make an in-store event out of your loyalty program launch? Decorate, offer cake and punch, and play music to make it a festive event. Customers will ask what all the hub-bub is about, making it the perfect time to pitch your program.

4. What should I focus on once my program is up and running?

While launching a loyalty program is a great first step towards using rewards to bring in your regulars more frequently, it's only just that—a first step. Lasting loyalty success lies in creating a solid foundation of core membership from which your program.

Remember, Rome wasn't built in a day and neither are the best loyalty programs. To reap the greatest rewards, it takes a full-court press over the first thirty to sixty days to lay the groundwork for a lasting loyalty program.

To give your loyalty program the solid foundation to thrive beyond the initial excitement of the kickoff event, try these proven strategies:

Race to 100.

Since Clover Rewards was born, we've seen programs both fly and fizzle, and those that soar are the teams that enroll at least one hundred members. As businesses reach the century mark, they start to see a noticeable change in customer behavior that really affects their bottom line positively. To get the first hundred to join, create a group leaderboard for your employees and give them an exciting incentive for achieving this important goal.

The Carrot of Competition.

While a group incentive is a great way to motivate the whole team and keep the excitement up across your whole staff, it's important to reward your best employees just like you plan to do your best customers. Create an award for the team member who signs up the most customers to your program in 30 days, and set benchmarks and talk up competition frequently to build excitement. Call out the standings at staff meetings, and make the announcement of the winner a big deal at the end of the month. Remember, excitement is contagious and starts at the top, so be sure to keep the energy up over the course of the month.

Up the Ante.

As the first month of your loyalty program draws to a close, don't be afraid to introduce even sweeter incentives if the top employees can beat their original goals. This extra jolt of excitement can drive competition among the leaders of your group and keep energy up through the end of the competition period. After the initial period, consider renewing the competition quarterly to give your program the occasional shot in the arm.

5. How do I get the most out of my loyalty program in the long run?

Launch parties are great, and madcap competitions are great team motivators, but the businesses with the best loyalty programs are those that have found a way to integrate them into the very fabric of their day-to-day.

Loyalty is not a thing that happens once and then is over; it's the thing you do every day to show your customers you value their business.

To grow the kind of loyalty that really lasts, try these ideas:

Perfect your pitch.

At launch, provide staff with a brief script explaining your program and it's value in a compelling way. Then, once your team has been pushing the program for some time, have team members who've shown the most success in signing customers up discuss how they've customized it to make it their own. Make pitch practice a regular segment of your staff meeting. As everyone learns from everyone else, the whole team will improve and your program will grow.

Recognize VIPs.

Make sure your staff makes it a point to recognize your — and their — best customers, and make sure they go the extra mile when one comes in. The top tier of your program should be a worthy thank you to the people who support you day in and out, so make sure that you show them you appreciate them both in person and in the program, every time they come through your door. They'll appreciate the extra attention.

Dial it up with data.

The beauty of mobile loyalty programs is that they make it easy to understand who your best customers are, what they like, how they like it, and how often they like to come through. Be sure to take advantage of the analytics any good loyalty program provides and use that intelligence to create specials and regular offerings that speak to the things you've learned.

6. How can I reach loyal customers who may have strayed?

You may know who your most valuable customers are, thanks to your new loyalty program. But without their contact information, there's no way to reach them should they frequent your business less than they used to.

Luckily, today's point-of-sale systems offer great technology like Clover Promos, a program designed to make collecting customer info and contacting them on behalf of your business a natural, causal process. Most customers won't even notice!

Promos automatically collects customer contact info to build your mailing list. What's more, you can send real-time promos directly to them via email, text message, or your loyalty app AND post those promotions to Facebook and Twitter with a single click.

And when customers begin to stray, Promos can trigger a win-back campaign that will have them skipping mom's place to have dinner every Sunday with you. Reaching your most valuable customers has never been more convenient, which makes Promos a great solution when your VIPs need a reminder of why they love your business so much.

For more helpful tips on how
to do business better, visit:
blog.clover.com

To learn more about us, visit:
clover.com

clover