

Why Your Marketing Strategy Needs a Loyalty Program

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A good loyalty program can drive employee engagement and boost customer and channel loyalty. In a time where markets are saturated with competitors and the economic climate is less than brilliant, a loyalty program can help you stand out from the crowd and gain a competitive edge.

Loyalty programs should be created with the audience in mind, giving them a good user experience and rewards that match their expectations. A loyalty program is an essential pillar of your marketing strategy – offering you invaluable insight into behaviors and data that can help refine your business processes while rewarding staff, customers and partners. That being said not every loyalty program out there is effective. In fact, a survey of 1,007 Fujitsu customers from across Australia found that customers are generally dissatisfied with loyalty programs, and less than one-in-four agreed that current customer loyalty programs offered good value.¹ But, when you consider that it's more than five times costlier to get a new customer than it is to keep an existing one, your marketing dollars will go further if you focus on retaining customers, and an effective loyalty program is a proven way to do this... as long as it's done right.

First Things First

To create loyal customers, or even happy customers for that matter, you need to nail the customer experience. Without that, a loyalty program is unlikely to do you any good, particularly as unhappy customers now like to vent their anger over social media channels – damaging your reputation with existing and potential customers.

Once you've won over a customer with superior service, that's when your loyalty program steps in to maintain that positive experience with your brand. It can help you keep the lines of communication open, update them on new products or features and increase the overall perceived value of your organization to a customer. The higher the perceived value of your organization, the greater the loyalty capacity, and the more likely they are to look at messages from you.

Increasing loyalty must be a business objective. Loyal customers increase endorsements and build a brand's profile with a reputation for valuing its customers. Therefore, engaging and building loyalty with existing customers will maximize revenue through their repeat business, and revenue from the people they refer. Consider this loyalty factor: 80 percent of Australians buy more from companies whose programs they are a member of.²

Knowledge Is Power

To get the most value from your loyalty program, it needs to be feeding you up-to-date data on your customers' likes and interests, conversations they've engaged with and what they have to say. That enables you to know who they are and tailor your approach accordingly. The correct loyalty platform not only gives managers insights into who resellers are, it also gives them information on recent activity so they can celebrate successes with resellers as they occur, helping strengthen their relationship and keep their company top of mind.

"To create loyal customers... you need to nail the customer experience."

Keys to Implementing a Loyalty Program

1. **Keep It Simple:** Provide a clear and easy way to earn points or rewards. Add in extra promotions or bonus elements to drive participation – but ensure that the underlying principle is extremely simple, so that the user can clearly see the brand's value proposition.
2. **Listen to the Customer:** Use data to influence content and marketing strategies – loyal customers are more receptive to content than the average customer, particularly if it concerns products or services that they have already purchased.
3. **Speak to Them:** An effective loyalty program can help you have more meaningful conversations with customers and engage with them more often. Unresponsiveness is one of the biggest reasons customers give for a break in loyalty.
4. **Put Yourself in their Shoes:** Remember the importance of customer experience. According to the Gartner Group, 80 percent of your future profits will come from just 20 percent of your existing customers.³ ■

¹<http://www.forbes.com/sites/tjmccue/2013/02/04/warning-is-your-new-customer-coming-back-4-steps-you-should-take-now/>

² Source: For Love or Money? 2013 Consumer Study into Australian Loyalty Programs

³ http://www.cmo.com/articles/2013/7/18/customer_retention.html



- acknowledge
- appreciate
- award
- achieve

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