3 Ways to Build the Rewards Program Customers Want



To earn your customers' devotion, remember that loyalty is a two-way street. To get it, you've got to give it.

April 18, 2019 5 min read

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Every business aims for its customers' loyalty, but how much loyalty do you show them back? It can take years of hard work to do that, but it's well worth it. According to a recent report by Bain & Company, customer loyalty has a major impact on a company's bottom line. The report states that in the financial services industry, for example, firms that retain just 5 percent of their customers increase their profits by 25 percent or more.

Unfortunately, it doesn't take much to lose that loyalty. Last

year, InMoment's annual "CX Trends Report" found that nearly a quarter of consumers get angry after a bad experience, and they're four times more likely to stop shopping with a brand as a result. To combat this phenomenon, companies are increasingly turning to customer rewards programs as an easy and efficient way of building loyalty.

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Considering that your existing customers will spend 67 percent more than your new customers, according to HubSpot's customer loyalty guide, you can see how a loyalty program can pay for itself. Such programs come in all shapes and sizes, and their success depends on several factors.

Is the program convenient for consumers? Are the rewards adequate to keep them loyal? Is the program generating useful data you can use to further enhance your customers' experience? A good rewards program truly feels rewarding to customers, so build yours with these three principles in mind.

1.) Allow members to order up convenience.

In everything from food service to retail to hospitality, consumers crave convenience. That's why Marriott's mobile app, with its seamless check-in process and easy-reward earnings, makes convenience the main attraction. The same is true for the mobile order-and-pay feature of Starbucks' app, which accounted for 13 percent of the coffee giant's U.S. company-operated transactions, according to its Q3 2018 financial report. Convenience is likewise the selling point for Dunkin' Donuts' DD Perks Rewards Program, which now boasts more than seven million members, according to a company press release.

Dunkin' Brand's vice president of global consumer engagement, Scott Hudler, credits the success of the company's rewards

program and mobile app to the ease they provide. “Both programs really resonate with customers,” Hudler says, “simply because both provide guests with new levels of speed and convenience.” When developing or analyzing your own rewards program, take a cue from some of these successful programs and make convenience a prominent feature. You might do this by offering free shipping, enabling customers to save their regular order, or providing a user-friendly app.

2.) Give your customers all the feels.

Customers will remember how you made them feel more than they’ll remember the free item you gave them. With that principle in mind, offer customers experiences, not just points, if you want to stand out. Sephora’s loyalty program, for instance, rewards shoppers not only with points redeemable for free products but also makeovers for customers and their friends.

By providing things like beauty tips and makeup consultations, Sephora gives its customers a free *experience* that’s likely to inspire them on their next shopping trip. Nearly every product or service has a duplicate that’s sold by another company. To attract and retain loyal consumers, your best bet is to make the experience more rewarding.

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You can also focus on establishing an emotional attachment between your brand and its customers. Take Amazon Prime. Its members enjoy free fast shipping and early access to exclusive products, sure, but by offering cloud storage and streaming access to music, movies and TV shows, the program becomes engrained in nearly every aspect of its customers’ lives.

If you can achieve that kind of widespread involvement in your customers' daily activities, you're bound to spark an emotional attachment to the services you offer. Your loyalty program needs to be part of your customers' day-to-day experience, while providing special experience-based rewards as perks.

3.) Remember that data is the key to knowledge.

You may have heard the Persian proverb: "Doubt is the key to knowledge." While that may be the case in philosophy, when it comes to customer reward programs, *data* is your key. The boost in lifetime value that comes with retaining loyal customers is reason enough to invest in the right loyalty program.

However, the benefits go beyond customer loyalty; every interaction within a loyalty program yields highly valuable data about consumers that you wouldn't gain otherwise. This data allows you to track the spending habits of your most loyal customers to get a better understanding of how they respond to incentives and what products they prefer.

In the restaurant industry, for example, implementing the right loyalty program and signing up the most loyal customers enables restaurant owners to create a database that paints a more accurate picture of the people they serve. And according to restaurant insider Upserve, foodies are willing to exchange their data for perks, with up to 57 percent of people preferring to dine at restaurants that offer loyalty programs.

Through a rewards program, restaurateurs can also build better relationships with their customers by tracking and remembering guests' special occasions, favorite meals, food allergies and more.

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Virtually every industry is realizing the benefits of customer loyalty programs, but building one that successfully cultivates consumer devotion takes some forethought and preparation. Know who your customers are to create programs that truly enhance their experience with your brand. Once you do, their loyalty will no longer seem so elusive.

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