McDonald’s Just Launched Its Loyalty Program. Here’s How to Make Yours Succeed.

These three tips will help your franchise roll out its loyalty program.

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Any profitable venture of the world is built on the love and community of returning users. With the news that McDonald’s just rolled out its loyalty program, franchises everywhere should be considering the loyalty program. After all, digital sales rarely happen through a direct customer call anymore.

The longer a loyalty program’s life cycle, the bigger the spend and better the profit. Each customer has a direct and indirect acquisition cost and that amount demands multiple purchases to start becoming profitable. And there is no more foolproof way to achieve that than making them part of a wholesome club that feels exclusive enough to desire membership and collective enough to feel they are part of something bigger.

Here are three tips to creating an effective loyalty program:

1. The perfect value additions are earned, not bought.

If becoming a member will just give me what the average buyer

can walk in and purchase any time of the year, it is not a strategic program. Rewards should be the baseline, while privilege the meatier chunk of your plan. Take the example of Starbucks's collaboration with Spotify – by allowing members to create their own in-store playlists and continue listening to them even after they have left the cafe, they truly have a personalized customer experience.

Below the layers of custom, we all love to be a part of a cult that is ours to hold, boast and feel pride in. Making others slightly envious is not only great for gaining new members, but also makes for share-worthy PR stories.

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2. Connect sincerely with your customers in niche levels.

Data from loyalty programs not only help you earn better revenue, but allow you to also provide genuine customer delight by knowing precisely what customers want. Take the North Face, which curates distinct adventure experiences like Himalayan treks for their members to wishlist beyond the generic offers on shoes and jackets. Emotional perks are always more alluring than basic financial perks.

This is especially true for smaller franchises who run on neighborhood regulars. While 50 regulars are definitely more manageable than five thousand, invest a little on technology like AI to bring personalization. The learnings from a well-designed loyalty program help curate new products, better market the old ones, retain the vintage shoppers, cross sell strategically and solve operational issues that you didn't know existed.

With a great reward system pyramid in place, the lower spending customers are much more motivated for regular

transactions.

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3. Real revenue is better than an illusionary brand image

The greatest loyalty programs in the world increase revenue by multifold. Look at Amazon Prime, which has 200 million paid subscribers. The average Amazon Prime member reportedly spends $800 more than non-members per year — that's $160 billion.

Last year, *Harvard Business Review* reported that "Companies with strong loyalty marketing programs grow revenues 2.5 times faster than their competitors and generate 100-400% higher returns to shareholders."

Short-term signups with instant big goodies make for great advertising numbers, but are counterproductive to loyalty. Don't undersell your community by just sending them one offer email per week and calling it a program. Actively involve them in experiences *and* rightfully expect more. Every relationship is a two-way appreciation street. Grow together and find that balance in your programs that are designed for mutual value investment. In a nutshell, loyalty programs are like a good marriage: Don't plan them like one-night stands.

This decade will have no space for the midline. Great loyalty programs help by creating a tenacious community that stays by you and evolves with you.

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