



Reaping the rewards of a customer loyalty program

Mark Pearson
Vice President
Loyalty Marketing
BI WORLDWIDE

Great loyalty programs stand the test of time, growing and bearing tangible fruit for many years.

A well-designed program is worth the effort and investment as it returns value in many ways:

- At the program level and behavior specific level
- In the short term and long term
- Directly and indirectly
- Quantitatively and qualitatively

To ensure success, a measurement plan is a critical element in the design phase of your program. It requires identifying the objectives and Key Performance Indicators (KPI) of the program as well as how they will be tracked.

BRANCHES— short term measures

Branch 1: Core transactional KPIs

- Purchase continuity
- Increased revenue
- Increased frequency
- Increased ticket average
- Auto renewal/recurring order

Branch 2: Upsell/Cross-sell KPIs

- Purchase across categories
- New product trial/purchase
- Product/service bundles
- Product mix optimization (private label/higher margin)

Branch 5: Channel/B2B loyalty behaviors

- Create/nurture customer relationships
- Build customer database/profiles
- RFM scores
- Data sharing
- Training and certification
- New product launch
- Early commitments
- Rebate/incentive optimization

Branch 4: Relationship building and program activity

- Web activity—log in frequency, time on site
- Earning and redemption
- Content consumption
- Gamified challenge completions
- Survey and poll completion
- Social engagement
- Advocacy—testimonials and referrals

Branch 3: Onboarding

- Online portal activation
- App download
- Profile completion
- Survey completion
- Online/Auto bill-pay
- Product/service education
- Initial brand engagement

Program level objectives— long term measures

- ROI
- Lifetime value
- Retention
- Customer satisfaction / NPS

Program funding and investment

- Funding for a living program
 - Content and engagement cadence
 - Push/Pull—communications
- Funding for equitable value exchange
 - Rewards
- Funding for continual enrollment

Program pillars and foundational elements

- Customer lifecycle optimization
- Behavioral economics to drive behaviors
- Gamification
- Equitable value exchange
- Audience smart engagement—targeted/triggered and next best action
- Data-driven engagement
- Transactions + relationship

Monitor, adjust and evolve

- Continual program improvement
- Leading indicators
 - Enrollment and activation
 - Initial engagement
 - Earning and redemption
- Survey and customer service inquiries

KEY: Roots = Program pillars
 Trunk = Program level objectives (long term)
 Branches = Engagement categories (short term)
 Leaves = Behaviors
 Fruit = Results (long and short term)
 Watering can = Investment/Budget
 Pruner = Continual improvement/evolution via leading indicators