

Customer & Channel Loyalty





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Investing time and effort into creating a truly loyal customer base is one of the most important things a business or organisation can do. Creating passionate customers that share your brand's values and sell your products and services to their friends and family is the holy grail when it comes to loyalty.

Your sales channels are your closest touch points with customers, they are the people speaking to them day-to-day, and often a trusted source of information for your audience. If they are motivated, loyal, know your products and services well, and share your values, they can be one of the most powerful tools in your arsenal.

Incentivesmart have been creating and running loyalty programmes for our clients for over 15 years. In this booklet you'll find out why loyalty is important, how to improve it, and some of our advice with setting up an effective loyalty programme.

Encouraging Customer Loyalty

Developing your companies' brand and communicating your key messages is key to driving customers to your business. The more a customer resonates with your brand, the more likely they are to buy from you again. Creating these brand evangelists can ensure continued success and help drive sales of your company's products and services forward.

The Pareto Principle states that 80% of your company's future revenue will come from 20% of current customer base. It is therefore absolutely vital that you focus on creating long term loyalty ensuring repeat customers that will continue to frequent your business.

It is also a startling statistic that it costs a business between 5 and 25 times more to acquire a new customer compared to hanging on to an existing customer. It is also worth noting that existing customers spend on average 67% more on products and services compared to their new counterparts.

Existing customers spend 67% more than new ones.

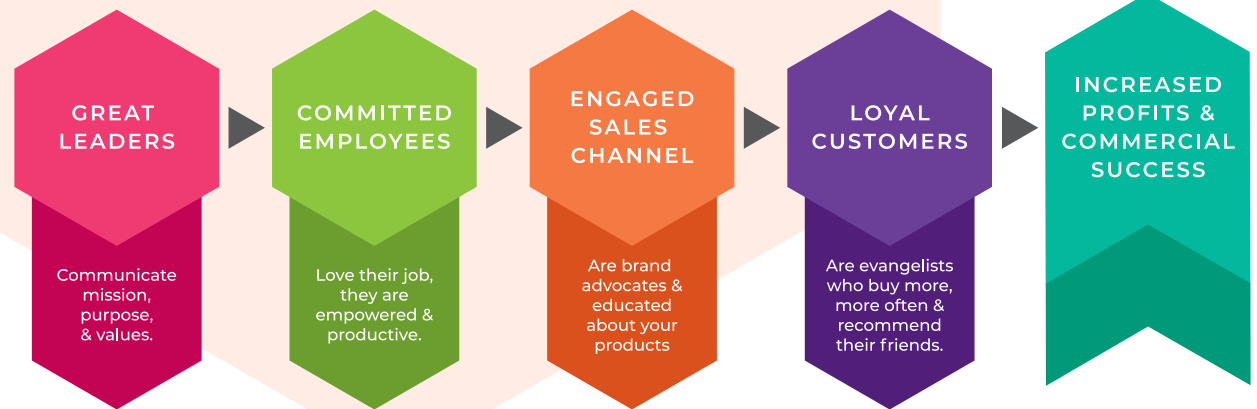
ICI Global.



INCENTIVESMART PROFIT METHODOLOGY.

Our methodology when it comes to helping to grow profitable businesses is a chain of four key pillars. Based on the service profit chain (Harvard business review 1994) and our years of experience helping businesses increase engagement, each of the pillars simultaneously enhances and benefits from the others.

Not all of the pillars need to be perfect to have a successful business, nor do they need to be faultless before deciding to improve the next one in the chain. To absolutely maximise commercial success and increase your profit however, all four pillars should be firmly in place and consistently managed.



Great Leaders.

Lasting company values are driven from the top, and great leaders lead by example. They effectively communicate the business' mission and purpose to employees at every level, and live the values daily.

Great leaders balance challenge and support, giving enough support that employees feel empowered and stable, but the right amount of challenge to encourage high performance.

Committed Employees.

Committed and productive employees feel empowered and supported, but have enough challenge in their roles to be encouraged to perform at a high level. They know the values of the business because they naturally live them on a day-to-day basis, and feel appreciated and rewarded.

The most committed employees become advocates of your brand, even singing the businesses praises to friends and family.

Engaged Sales Channel.

An internal service quality created by great leaders and committed employees will filter along the chain and engage your sales channel.

Whether internal or external, your sales channel are usually the face of your business to customers. An engaged sales channel are educated about your products, identify with your values, and are motivated to communicate these to your customers when selling the products.

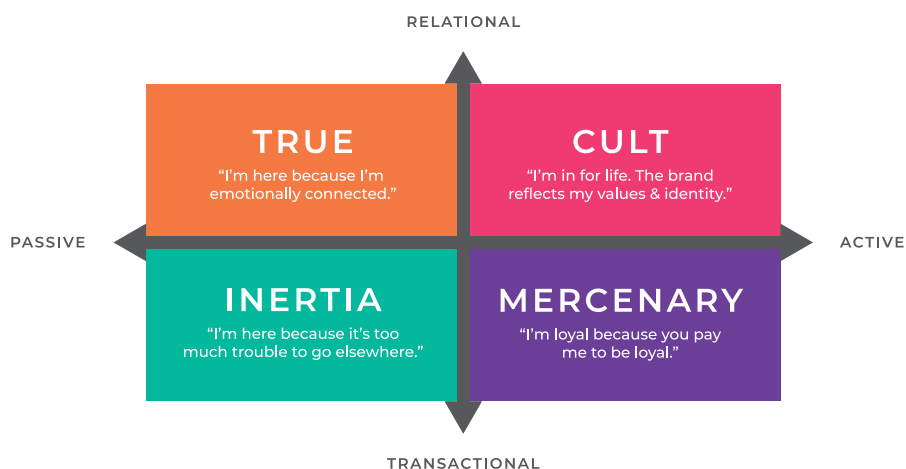
Loyal Customers.

All these ingredients should help to create a loyal customer base, who return to you time and time again because you offer products that exceed their expectations and have values they identify with.

The best customers become brand evangelists and consistently recommend your products to peers, doing your marketing for you!

HOW TO CREATE LONG-TERM LOYALTY.

Below you'll see an illustration of our loyalty methodology, and where different customers sit on their loyalty journey. You can see what it means when people are more passive or active with your brand, and whether they have a more relational or transactional relationship as a customer.



Inertia Loyalty: These people are customers because it is too much trouble to go elsewhere. They don't know an alternative and for them price and service are adequate.

Mercenary Loyalty: These people are loyal because of a bribe or reward that they are offered, they are susceptible to jumping to a competitor if the bribe/reward is more appealing.

True Loyalty: Customers that are loyal because you have built an emotional connection with your brand; however, they are passive and won't necessarily shout about your company.

Cult Loyalty: Advocates who are rarely disloyal, they share your brand values, recommend you to family and friends and are evangelists who buy more, more often.

CUSTOMER LOYALTY PYRAMID.

This is the Incentivesmart loyalty pyramid, which demonstrates what we believe are the key elements that contribute to creating evangelists for your brand, the ultimate goal when it comes to true, long-term loyalty.



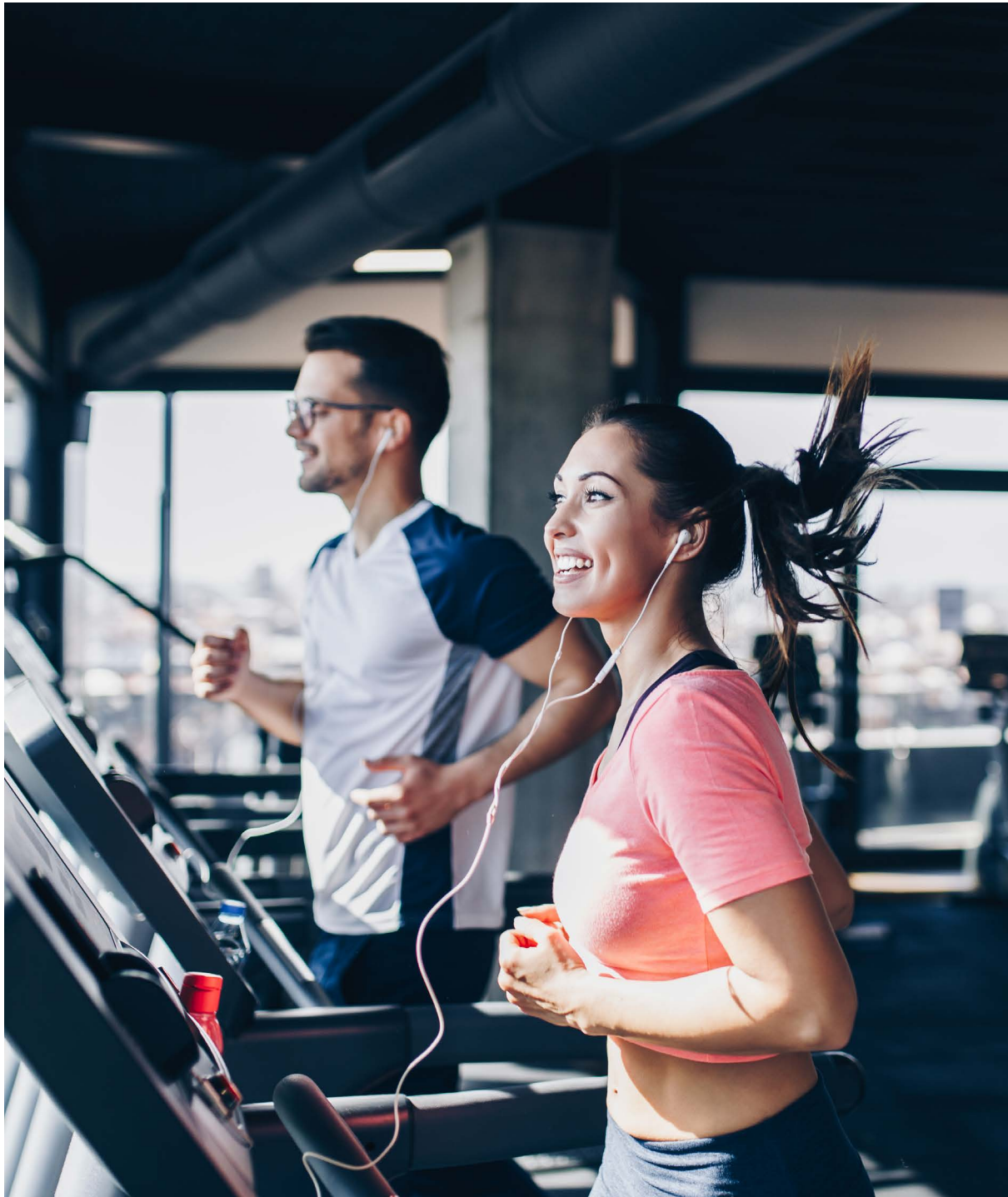
Satisfaction: Products and/or services are satisfactory, and are priced according to their perceived value.

Reward & Recognition: Customers receive some sort of reward for their loyalty, encouraging repeat purchases.

Communication & Education: Your values are communicated consistently across different platforms, and product benefits are communicated.

Self Motivation: Customers understand and relate to your brand values and the features and benefits of your products and services, and start to communicate this to their friends and family.

Evangelism: Fans who will actively talk about the benefits of your products to their peers.



Designing an Effective Loyalty Programme

STEP 1 - DEFINE SUCCESS.

The first step in designing an effective loyalty programme, as with many other things, is to define success. What are you trying to improve? Seeing an increase in sales is only half the story. If you're aiming to increase loyalty and create evangelists, you may want to communicate your brand values and product proposition better, or you may simply want to gather more data on your customers, or provide a route for your sales channel to feed back to you.

STEP 2 - SETTING REWARD.

Once you've identified what you want to see an improvement in, you can decide what you want to encourage, and then set up the rewards to suit. The Incentivesmart system offers an array of modules with different ways of awarding points, such as peer nominations, employee referrals, and quizzes.

STEP 3 - LAUNCH THE CAMPAIGN.

To ensure any engagement programme gets off to a strong start, getting the programme launch right is essential. The launch will be most users' first impression of the programme, and getting them on board and excited for the scheme can be a powerful boost to engagement in itself.

Most programmes will usually start before launch with a teaser, things like posters around the workplace or postcards and emails sent out to future members. When the launch comes, a printed welcome pack with a personalised invitation and an initial points gift (e.g. welcome cheque) is a great way to get people on board. Some programmes further boost buy-in by planning

STEP 4 - REGULAR PROGRAMME MARKETING.

Constant contact is essential to ensure the longevity of a loyalty programme, and to encourage growth in long-term loyalty. Without consistent programme marketing, you run the risk of having a programme that has a strong launch, and then gradually burns out. Of course as participation lowers, the programme becomes exponentially less effective, and can even have a negative effect on loyalty overall.

Most channel loyalty programmes Incentivesmart run send out monthly emails to keep users engaged, and use promotions throughout the year to maintain interest. There are also smart email notifications that let users know when they have been awarded points, and with the 'favourites' module users can be encouraged to keep going if they are close to achieving one of their favourite reward goals.

CASH VS NON-CASH.

Non-cash rewards provide several benefits over traditional cash-based incentives. Most noticeably, non-cash rewards tend to have a lower cost as they have a higher perceived value to the end user.

Although 64% of people express a preference for cash, Mazda found that non-cash based rewards were far more effective at forming a long long lasting impression.

STEP 5 - REVIEW.

After successfully launching a loyalty programme, it is important to regularly review and ensure that you are seeing an improvement in the goals set out at the beginning of the process.

The Incentivesmart platform has robust reporting and analytics tools to be able to pull out any data from the programme to compare to your KPIs. You can also publish incentivised quizzes using and surveys through the platform to get a better idea of how the users are getting on.



Next steps: Talk to us!

At Incentivesmart, we have over 15 years of experience setting up and managing successful customer and channel loyalty programmes for all types of organisation. With an average customer lifetime of 8 years and counting, we like to think we do it pretty well!

Get in touch to talk about your customer and channel challenges and how we can help solve them, or even to book in a demo of our points-based loyalty platform.

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