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# 7 Customer Loyalty Program Tips for Your Brand

It may not be cheap to retain current customers; however, your retention efforts can definitely be worth it. Studies show that **current customers spend 67% more than new ones**. So, how do you keep customers coming back for more? If you're like most marketers (65%), your company has a loyalty program. But it's not as easy as that. Simply putting any old rewards system in place won't always cut it. How do you know if yours is working? According to this Colloquy study ([http://www.colloquy.com/press\\_release\\_view.asp?xd=95](http://www.colloquy.com/press_release_view.asp?xd=95)), of the \$48 billion worth of rewards, benefits and perks awarded each year, roughly a third of it sits unredeemed by consumers. Obviously, this is a "lose-lose" for both sides—companies lose money, time and effort, and there is no actual value for the consumer.

So how do make sure you're running an effective loyalty program? The simple answer is to look beyond the traditional rewards system and find ways to offer tangible value to your consumers.

## Make Them Earn It

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A points system is the most common loyalty program methodology, and it has real merit for both the consumer and the company. Regular customers earn points, which translate into some type of reward once they have reached a certain level. This should be a simple system; however, many companies make it unnecessarily complicated by instituting tricky methodologies for redeeming customer incentives. Keep it straightforward. Keep in mind that a points system is most beneficial to businesses that encourage frequent, short-term purchases.

### **Tier Systems Give Rewards Over a Longer Period of Time**

Many companies have a hard time finding a balance between attainable and desirable customer reward. You can combat this by implementing a tiered system that offers smaller rewards to customers that are new to your rewards system. As they continue to spend more with your company over an extended period of time, increase the value of the rewards. Tiered rewards programs are a great solution for higher price-point businesses like airlines, hospitality businesses or insurance companies.

### **Charge for VIP Benefits**

Believe it or not, charging customers a fee for access to special perks lets customers bypass common purchase blockers and is beneficial for businesses and customers. Once you identify the factors that may cause customers to leave, you can customize a fee-based loyalty program to address those specific barriers. If your customer base is comprised of people who make frequent, repeat purchases, this may be an ideal solution.

### **Rewards That Do Good**

Businesses that can provide value to the customer have an opportunity to really connect with their audience by connecting with their values. While nearly every company can provide discounts, companies that are able to provide a service that benefits a cause that their consumers care about generate loyalty and brand evangelism.

### **Partner With Another Company to Take Perks to the Next Level**

Partnering with another company can be extremely effective for customer retention and growth. Fully understanding your customers' daily lives and their purchase behaviors will help determine what partnerships make the most sense—for example, a credit card company could provide discounts to cardholders that use their card to purchase pet supplies from a list of preferred merchants. Providing value beyond even what your company can offer will show customers that you understand them, and it grows your network to reach your partners' customers, too.

### **Games People Play**

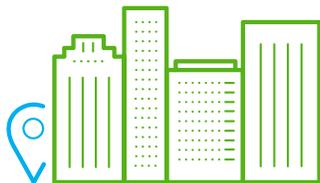
Turning your loyalty program into a game is a great way to encourage repeat customers and, depending on the type of game you choose, help solidify your brand's image. Make sure that you make the odds of winning attainable; otherwise customers will wonder if you are duping them. If your customers purchase frequently and enjoy having a little fun, this type of program could be the one for you.

### **Skip it Altogether**

Some marketers completely bypass loyalty programs and provide awesome benefits from the first point of contact, hooking them, and offering those benefits with every purchase. In other words, offer best-in-class service or products to every customer. This approach works best for companies whose products or services are unlike any other—that doesn't mean that you offer the lowest price, or the best quality, or most convenience—instead, you are redefining a category. Customers will be loyal because there are few other options as spectacular as you, and you have communicated that value from your first interaction.

At Baesman, our loyalty marketing team partners with brands to determine meaningful ways to build and deepen relationships with your customers. Contact us today (<http://www.surveygizmo.com/s3/1660945/Andrew-Kelly>) for customized solutions that are flexible, scalable and measurable.

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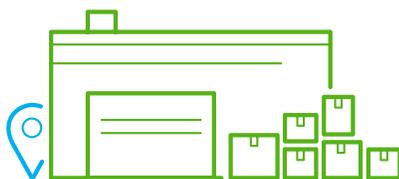
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