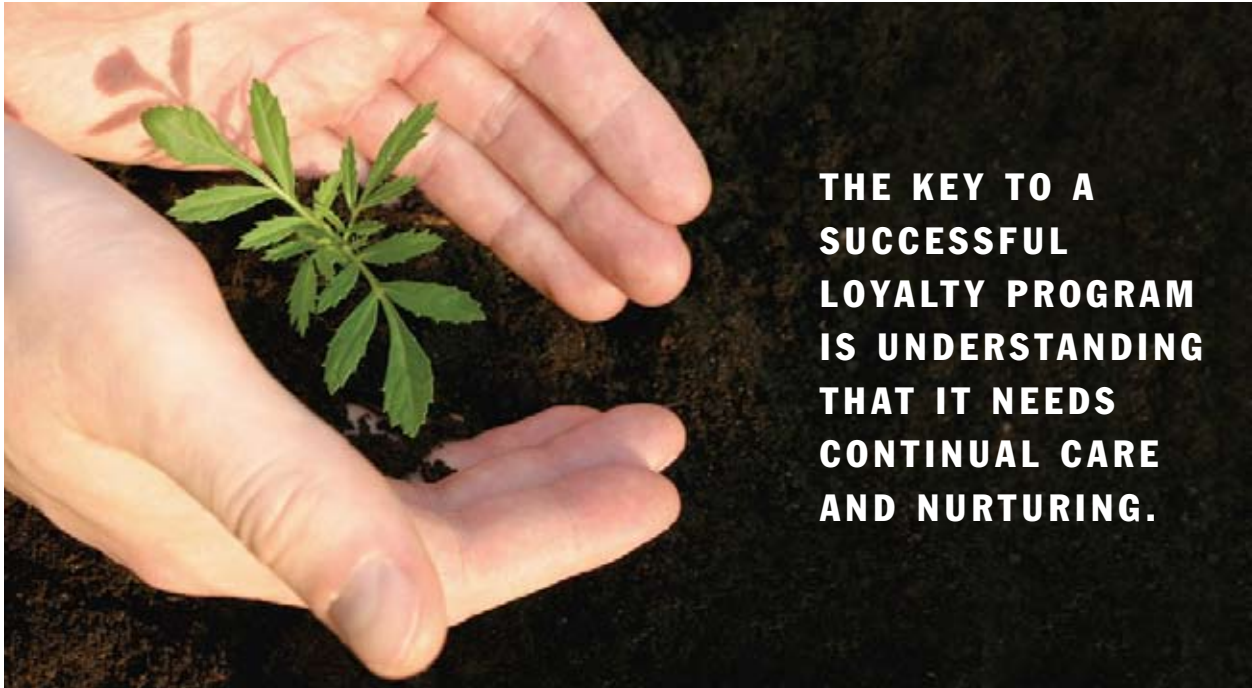


YOUR LOYALTY PROGRAM: TIME TO REFRESH



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It seems that everybody has a loyalty program these days.

Some were created years ago and don't look a day older than the day they were rolled out. Others have undergone dramatic facelifts. So how do you know when the time is right to make some changes? Let a heavy dose of customer insight influence your strategy along with an open mind and the best refinements will present themselves loud and clear.

Examine program response over time.

It seems so obvious that you should look at how your program is being received long after its

much-lauded debut, but it's all too frequent that we see programs that were launched, put on a shelf and not given much more thought. The key to a successful loyalty program is understanding that it needs continual care and nurturing. Measuring customer response and opinion, not only after an initial launch, but throughout the life of the program helps keep you on top of what your program participants want and need. At the heart of all loyalty programs is the creation of a relationship between you and your customer. Keep that dialogue going and the response you receive will help guide every aspect of your refinement strategies.

Jump to the bottom line.

There's customer response and then there's bottom line numbers. Every year, it's important to scrutinize all the elements of your loyalty program. This list serves as a starting point in honing in on what the numbers are telling you:

- > *Are your redemption rates trickling in or staying strong?*
- > *Which departments are customers redeeming?*
- > *Are enrollment rates slowing or on the rise?*
- > *Are new members migrating up?*
- > *How are your response rates?*
- > *Is the program getting the ROI forecasted?*

SINCE LOYALTY PROGRAMS ARE BECOMING SO COMMON-PLACE, IT'S IMPORTANT TO BE DILIGENT IN KEEPING YOURS FRESH AND RELEVANT.

- > *Is your CFO concerned about the impact on profit margin?*
- > *What are the changes in the competition and marketplace?*
- > *Do you have new services and/or products that impact the program?*

My, how you've changed.

Some of the most successful programs started very differently than they are today. By responding to changing customer needs, shifts in business climate and new inroads from competition, loyalty programs succeed in remaining fresh, relevant and profitable. Here's a quick look at how some popular retail programs have evolved.

Hallmark Gold Crown Becomes Crown Rewards

In 1994 the *Hallmark Gold Crown* program debuted, a frequent-buyer reward program for customers at selected Hallmark retail stores. Two years later, the Hallmark stores participating in the reward program were rebranded under the *Hallmark Gold Crown* name through a \$100 million remodeling program in which stores were revamped with a fresh look. Then more recently, the *Hallmark Gold Crown* program

was reinvented again into *Crown Rewards*. With the name change came a new tiered loyalty program with a fresh set of rewards and ways to earn them. The new program is strategically focused on getting customers to move up and earn more rewards. Program benefits are designed to increase basket size by giving customers bonus points for purchasing three or more cards, drive shopping frequency through new monthly member offers and rewarding high-value Platinum customers with more points and rewards.

DICK'S Sporting Goods Sports a New Look

Recreation retailer Dick's Sporting Goods has featured their *ScoreCard Rewards* program for years with a stable rewards structure that has remained unchanged over time. What has changed, thanks to insight from current customers, are its enhanced benefits, a fresh new look to the program that's supported across all print, electronic and in-store

communications, and a continuously nurtured strategy that keeps the program topmost in customers minds. One of its more notable refinements is how the program now uses the information it has gleaned from its various customer segments to tailor messaging and offers specific to each segment — ultimately making the message even more relevant to each customer and in turn, their membership more valuable.

Best Buy Reward Zone

Launched in 2003, Best Buy's *Reward Zone* has since made its own transformations. After soliciting feedback from customers, they dropped the \$9.99 enrollment fee, made it easier for members to use the web, and simplified the way customers receive exclusive offers, deals and reward certificates by e-mail or by accessing MyRewardZone.com. As an example, Best Buy offered up a never-before-seen perk for program members — exclusive access to *The Police Live in Concert* tickets. This unique benefit was right on target for their entertainment-savvy member base and rang true to their program's goal of maximizing their members' entertainment lifestyle.

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It's not the destination — it's the journey.

The key to optimizing program performance is to keep an open mind and be willing to try something new and different. Since

loyalty programs are becoming so commonplace, it's important to be diligent in keeping yours fresh and relevant. Use customer feedback as well as purchase behavior to test, refine strategy and freshen creative.

Maintain the attitude that you're on a journey of continuous testing and refinement to constantly improve the customer experience and build profitable customer relationships.



Sallie Burnett
President, CEO
Customer Insight Group
twitter.com/sallieburnett

SALLIE BURNETT **Strategist. Leader. Innovator.**

With over 20 years' experience in strategic marketing, sales management and customer relationship management, Customer Insight Group founder Sallie Burnett has built her vanguard reputation by crafting solid customer-centric strategies that drive bottom-line success for her clients. Renowned for her out-of-the-box thinking and wealth of experience, she's been sought out by many of the nation's top companies to engage, keep and grow their customer relationships at every point along their customer relationship journey. Her insight results in better aligned sales, service and marketing, while generating the greatest return on investment based on the voice and value of the customer.

CUSTOMER INSIGHT GROUP, INC.

Customer Insight Group is a strategic marketing company that uses customer information to help its clients engage in successful and profitable long-term relationships with each and every customer. It provides marketing strategy, customer research, data analysis, program development, implementation and refinement of customer-centric programs including: loyalty, social media, customer engagement, retention, win-back and new customer acquisition.



CUSTOMER INSIGHT GROUP, INC.

6711 Secret Circle
Arvada, CO 80007
ph: 303.422.9758
www.customerinsightgroup.com
info@customerinsightgroup.com
twitter.com/internetowto

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