

# Loyalty Programs Increase Share of Wallet

BY SALLIE BURNETT

Americans love loyalty programs. Colloquy's fourth quarter 2006 research estimated there are 1.3 billion loyalty club members participating in an average of 12 loyalty programs. Obviously, consumers like the idea of what loyalty programs can mean to them. They are intrigued with the promise of being recognized, rewarded and privileged. However, the challenge for most retailers is delivering on the promise. The average consumer actively participates in less than half the programs they are enrolled. But when they are avid members of retailer loyalty programs, they tend to spend more and purchase across more channels.

Executing a successful loyalty program requires focusing your discounts, and your resources, on building profitable customers relationships. These typically aren't price-oriented shoppers. By zeroing in on high-value, and growth segments, you will boost your bottom line instead of eroding your margin with widespread discounts.

Loyalty is built on both the rational and the emotional. The customer's rational side is drawn to good prices and the quality of the product. The emotional, on the other hand, is more about that sense of personal recognition, of being treated differently than anyone else. When the two sides meld together in the customer's mind, you've secured their loyalty.

To keep customers happy, treat them well: Communicate. Win them over and win them back. Treat them as individuals, by knowing their needs, preferences, interests, tastes, and purchase behavior.

Give them appreciation that non-loyalty-program members don't receive to make them feel valued: access to new programs, private auctions or invitations to member-only events, new product testing, exclusive content on your web site or preferred pricing. These small things cost companies little but pay big dividends by deepening customer loyalty. Loyal customers are also great brand advocates. They are typically more like to spread the word about the your company to their friends and family. [T](#)



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## January 9th Meeting Recap

BY DAVID ARISS

30 Ideas in 30 minutes seemed like a daunting task, especially at 7:30 in the morning. But with David Ariss and his clicker, the January breakfast meeting went off without



a hitch. Panelists, Sallie Burnett, President of Customer Insight Group, Susan Burke, Director of Marketing and Communications at Regis University, Steve Juedes, President of Direct Hit Marketing and Troy Lerner, Director at The Booyah Agency were all prepared with PowerPoint slides that made their individual cases.

Sallie, in focusing on "Building a Powerhouse Marketing Strategy" talked about how to increase response rates, sales, profits and customer retention. She also discussed testing plans, generating incremental profits and long-term loyalty and how to develop a strategy to nurture profitable customer relationships. Susan, whose topic was "The Inside Secrets to Compelling and Memorable Creative", suggested we let creative be creative, i.e., free up the creative team and let them do their job. She said you should know your customer and gave several examples of how. Susan says our goal should not be to win awards, but to focus on objectives, track the responses and use multiple mediums.

Steve, "Achieving Precise Targeting Smart List Strategies and Tactics", let us know one of his goals was to see just exactly how much information you can get on one PowerPoint slide. His slides were packed with useful information, talking about house file and prospect list performance measurement, firmographics and demographics and the right prospect lists (how constructed, selections allowed, how well maintained, etc.). Steve also got into testing multi-channel list strategies and site mapping, a complex process, but helpful to clients. In addition, Steve discussed list prioritization and lead generation strategies. Troy, whose "Understanding and Leveraging the Internet and New Media" generated the most questions, covered Widgets (like a mini-version of your website on someone's desktop), behavioral targeting, online video commercials, the Google Website Optimizer, one-to-one emails and pay-per-click emails (you pay only when someone clicks your ad in an email).

All four panelists were on their game and kept the morning fascinating. Those attending were able to take home a copy of the PowerPoint presentation which included bonus slides for their further study. [T](#)



David Ariss is President of Ariss Marketing Group, Inc., a past president of RMDMA and Direct Marketer of the Year 2002. His company works with a broad range of clients and includes B-to-B, B-to-C, Nonprofit and Political type clients (5 winners in 2007). David can be reached at 303-597-1900 or [dariss@arissmarketing.com](mailto:dariss@arissmarketing.com).