

Seven Tips For Successful Customer Loyalty Programs In 2019



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Customer loyalty programs can be a key element in attracting new customers and retaining existing ones, but not all loyalty programs are created equal. A superior loyalty program at a similar company can lure a formerly loyal customer away. Boosting customer loyalty is an ongoing challenge for marketers, and below are seven strategic tips for increasing engagement and strengthening customer loyalty.

How To Create A Loyalty Program That Works

1. Use Gamification

Gamification takes the traditional loyalty program practice of collecting points to earn rewards and puts a fun and social spin on it. Furthermore, gamification offers consumers the opportunity to progress toward a goal with more milestones, such as badges or levels, to show progress along the way. This can increase customer loyalty and participation. Examples of successful gamification used in loyalty programs include the opportunity to participate in contests or a scratch-and-win game, the chance to earn extra points by sharing preferences and even the chance to play a virtual reality game. Consumers can use hashtags on social media to share their experiences and encourage friends to participate.

2. Offer Easy Ways To Earn And Redeem Points

One sign of an effective loyalty program is that customers are redeeming the points they collect. Try to make both earning and redeeming as frictionless as possible. Give points frequently enough so that loyal, high-value customers get rewards within about three months and others are able to within about six months.

Allow customers to earn rewards not just for making purchases but also through other types of interactions. Offer them many different types of rewards, and update them regularly on their progress.

3. Encourage Referrals

Customers have to know the loyalty program exists in order to participate in it, and referrals from family and friends are often more effective than any kind of advertising in driving participation. Consider offering a discount on goods or services or awarding reward points to members who make referrals and to those they refer. For example, HelloFresh customers can earn \$50 in credits for each friend that subscribes using their unique referral code, and their friends get a \$50 discount on their first delivery. The key to a great refer-a-friend program is offering a tantalizing reward that complements the brand experience.

4. Promote Across Channels

An effective loyalty program offers users a variety of channels so they can choose the method of communication that is most comfortable for them. Companies can improve customer loyalty by using email, social media, apps, mailings and in-store signage among other methods to keep them informed. If you change your loyalty program,

automatically roll loyal customers into the new one. Always introduce loyalty programs with fanfare, and offer promotions to new members.

5. Create VIP Tiers

Many loyalty programs have had success with tiers that offer extra perks for the most active and valued members. These perks can include more points for each dollar spent, exclusive events for VIP members, early access to sales, free products and free shipping. The key is to identify what types of perks will motivate customers. For example, the sports card and collectibles company Topps offers its Hall of Fame-level members a card of the month each month during the MLB season. Sephora's Beauty Insider program offers its Rouge members the opportunity to exchange points for a \$100 reward they can spend at the store rather than redeeming points for specific products or experiences such as makeup classes or trips.

6. Get Social

Too few companies recognize how much customers may engage with a brand using social media and how this can be used to enhance customer loyalty. This may include sharing photos of a product, following influencers because they post about a favorite brand and following YouTube reviews. Marriott International is one company that has recognized the value of social media, and it awards points to Marriott Bonvoy members who connect their social media accounts with the rewards program and follow it on Twitter.

7. Personalize The Program

Consumers report that [personalization is appealing to them](#) in loyalty programs, and [research](#) shows that they actually expect it. For example, a sporting goods store that caters to a variety of customer segments could offer different kinds of rewards to each one. Families with children in team sports could be offered new gear, team photos or discounted tickets to sporting events. Golf enthusiasts could redeem their reward points for equipment like personalized golf balls. Health and fitness customers could be offered free or discounted event registration, athletic apparel or health magazine subscriptions.

Even in this era of increased privacy concerns, [many customers are willing](#) to share information in exchange for more personalized attention and rewards. Consider finding ways to keep loyalty program members informed about their savings in the program, how many points they've earned and how long they've been participants. Providing

personalized emails, for instance, has been [linked](#) to higher rates of opening, reading and clicking on links in emails.

At the core of all of these strategies for customer loyalty and retention is communicating with and listening to the customer. From games to VIP perks and social media engagement to personalization, when companies know what customers want and provide that to them, those customers will be more likely to reward them with a long and loyal relationship.

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