

# LOYALTY PROGRAM

## CHANGING THE LOYALTY PROGRAM CONVERSATION

Mark Pearson, Vice President Loyalty, Customer Engagement Group,  
BI WORLDWIDE

The programs that “get it right” and earn genuine loyalty don’t just repurpose an old tactical model or copy the competition.

The current loyalty program environment is challenging but rife with opportunity. Many poorly designed programs are driving loyalty fatigue and mercenary loyalty (paying for loyalty). However, there are more loyalty memberships than ever before and those companies that are successful in driving engagement and true loyalty are experiencing significant returns.

The programs that “get it right” and earn genuine loyalty don’t just repurpose an old tactical model or copy the competition – they are unique and create or reinforce differentiation in the marketplace.

The best place to start is by changing the conversation from *loyalty* to *lifecycle* – identifying the critical touch points and behaviors that drive true loyalty.



### The Customer Lifecycle

The customer lifecycle differs by industry, client, brand, product or service and even customer segment. It can be complex and is not always linear. In general, however, the customer lifecycle is comprised of four stages.

#### ACQUIRE

**1** The acquire stage focuses on driving awareness, consideration and trial. While loyalty programs traditionally kick in after acquisition, the critical seeds of loyalty are planted in this stage. Additionally, loyalty programs are often leveraged as a value-added benefit to drive acquisition.

#### DEVELOP

**2** The develop stage is the first opportunity to build upon the foundation of loyalty that was created during the acquisition stage. It’s about getting a trier to become a buyer, habitually purchasing your product or service and, ideally, becoming a regular customer. It’s also about on-boarding and growth to drive the desired behaviors of your ideal or best customers.

#### RETAIN

**3** The retain stage solidifies and strengthens the relationship between a customer and your brand. Where the develop stage focuses primarily on ROI, the retention stage shifts the focus toward ROR (return on

relationship). Targeted, relevant communications and milestone recognition deepen the relationship beyond strictly transactional, yielding brand preference over the competition. Traditionally, a customer is considered loyal after they transition through this stage.

### AMPLIFY

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In the amplify stage, the customer feels affinity with your brand and engages in a social dialogue about their experiences. Your company's goal in this phase is to elevate a loyal customer to a brand advocate that might share, contribute, evangelize, defend and refer on behalf of your brand. This multiplies the company's resources and drives us back to the beginning of the customer lifecycle – acquire.

### The Bottom Line

In the U.S., companies are spending more money than ever to drive loyalty. As a result, there are more loyalty programs and loyalty memberships than ever before. But enrollment and membership in a program doesn't necessarily result in engagement and loyalty to a brand. The disconnect between what these programs are trying to accomplish and what they really do lies in the design of the program. The first step toward designing a program that works is changing the conversation about loyalty and focusing on the lifecycle of a customer.

To learn more about BIWORLDWIDE and how we can help engage your customers in every stage of a lifecycle program, visit:  
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