



5 steps to build a customer loyalty program that is right for your business

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Clients often ask us to pilot a loyalty program. They aren't sure if it's right for their business and they're looking for some proof of concept before making the commitment. Here's the thing: the investment in a loyalty program and platform is the same whether you're building it for real implementation or to test the water.

Take the plunge. Here are five action steps to design and stand up a successful customer loyalty program:

1 Select an important customer behavior

Think about some of your best customers. What critical behaviors do they exemplify that are important to your business success? Look for a behavior that can be monetized. If a customer engages in this behavior, does it favorably affect your bottom line? A few examples might be signing up for auto pay, downloading an app or supplying their email address.

2 Identify the right audience segment

Once you've selected a critical behavior, look at your customer base. Is there an audience segment strongly correlated to the behavior you're trying to affect? Remember, not all customers are alike, and they are not all in the same place in your customer lifecycle. Some customers are new; some have been with your company for years. Make sure the customers you select are well suited to the behavior you're trying to drive and be sure the audience is big enough to be statistically significant.

3 Drive the right engagement at the right time

Think about the timing of what you're asking your customers to do. Is this a logical touch point or milestone in your customer lifecycle where the behavior change makes sense? What is the effort required for the customer to make the behavior choice or change?

Your engagement strategy can also have an impact on the potential response. Are you trying to drive them to a web site? Are you asking them to complete a form for more information? Have you made it clear and easy for the customer to engage? All of these things can affect your customer's level of engagement.

4 Offer the right reward

A core belief in our approach to driving customer behavior change is that there must be an equitable value exchange with your customers. When you're asking a customer to make a change or make a choice, you must put yourself in the customer's shoes and ask what's in it for them?





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Let's say I represent a bank and I want a customer to switch checking accounts. That's a big ask. Banks often offer as much as \$300 to make that switch. On the other hand, let's say I have a new product and I have a 60-second video I'd like a customer to watch. That's not a big ask. It takes just a minute of their time. If the new product is something the customer might already be interested in, the reward could be as simple as thanking them for their time and asking if they'd like to learn more about the product.

The key to an equitable value exchange is this: are the rewards you're offering commensurate with the effort you're asking for? The right reward will affect customer response and ultimately your ROI.

5 Measure your result

The customer behavior you select must be measurable and should also be tied to a financial KPI. Once you've run your pilot program and tested the behavior change against an audience size that's statistically significant, you can predict your ability to change your customers' level of engagement. Did your test move the needle significantly or did it fail to drive the desired behavior change? Are there particular things you learned that could improve results going forward? Is there enough positive data to move forward with a full-blown loyalty program, or do you want to run another pilot for a different behavior to compare results and learn more?

Driving true customer loyalty is about affecting behavior change and maintaining a relationship that's built on more than just a transaction. If you can test a behavior or two with a pilot program, you can garner the proof you need to make the investment with confidence.

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