

## 5 Things to Know About Customer Loyalty Programs



78% of customers are more likely to buy from a company with a loyalty program.<sup>1</sup> Learn how to create a loyalty program for your business to keep your customers coming back. Here are five tips to get you started:

### 1. Customer loyalty programs are more than just points.

Loyalty programs benefit both the store and the customer. And, in exchange, both parties give something in return. Customers provide valuable information that can be used for marketing (email, phone number, preferences, and purchase history, for example) and companies provide valuable discounts, offers, and other incentives to keep customers coming back. The relationship doesn't end there — these incentives drive repeat shopping behavior (more store visits and additional purchases) and in turn, companies continue to reward customers with more or better benefits over time.

## **2. A loyalty program is a bridge between customers and your business.**

With a customer loyalty program, information sharing can lead to more personalized communication, more engagement, and a better overall relationship. Loyal customers feel an emotional attachment to a brand, value it, and in turn are more likely to bring in referrals and help you spread the word.

You can track how much that emotional attachment is worth to your business using a metric called Customer Lifetime Value (CLV),<sup>1</sup> helping you navigate how to invest in a loyalty program. CLV is defined as the total revenue a business can expect from a single customer throughout the lifespan of the relationship. A successful customer loyalty program is one that increases your customers' CLV.

When considering a loyalty program for the first time, many business owners start out with a program that has a low barrier to entry, like discount coupons that get sent out to customers who sign up with their email address.

Over time, as customers return and continue to engage, you can build on your program in tiers that step up gradually depending on their behavior. Incentivize with increasingly valuable or customized rewards to make repeat purchases, buy large-ticket items, fill out surveys, and possibly even refer friends or family — all increasing your CLV score.

## **3. There are many ways to reward customer loyalty.**

The exciting thing about customer loyalty programs is they can come in any size or configuration you want, and that fits your budget. Examples of loyalty program benefits and rewards can include:

- Free shipping
- Birthday discount
- Special offer emails
- Points toward a gift certificate or card
- Punch card (digital or paper) toward a free product
- Percent off coupons
- Double points/rewards offers
- Buy one, get one offers
- Partner perks
- VIP sale days
- Free gift with purchase
- Donations to customers' favorite charities
- Priority lines/entry times

Remember to consider what's attractive to your customers when choosing incentives and rewards.

#### **4. A simple structure is a good place to start.**

While a customer loyalty program can offer greater engagement with your customers and results in greater share-of-wallet<sup>2</sup> for your business, choosing the right program structure might feel unfamiliar. When starting out, choose a simple loyalty structure like a points program or a refer-a-friend program with fewer moving parts and instant customer appeal so you can get the hang of the process.

The good news is that no matter what structure or tactic you choose, there are point-of-sale tools, software programs, and other resources to help you manage your loyalty program. Many tools offer features like automated SMS and email messaging, customer segmentation, and analytics. Others, like Synchrony partner [Clover<sup>2</sup>](#) can integrate with your POS and let customers redeem rewards at checkout, place mobile orders, and utilize autopay for their purchases.

#### **5. Metrics matter when it comes to customer loyalty.**

Evaluating whether a customer loyalty program is successful comes down to choosing the metrics that your business cares about. And that depends on your business goals — whether you are looking at increasing revenue alone or want to boost engagement rates on social media. Every business is unique and while it seems obvious that gaining more customers and more profit is desirable, the methods you choose to get there are just as important. Depending on your program, some general metrics to consider include redemption rates, total sales volume, increased store visits, increased online purchases, purchase frequency, and referrals.

Like so many business decisions, there's no one-size-fits-all approach, but it's helpful to know that customer loyalty programs can affect a positive change in customer behavior, resulting in rewards for you and your customers.

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**It offers knowledge and tools that can help you grow, lead and operate your business.**