

## **Burns' Business Builder – Developing a Successful Loyalty Program.**

Last week, we looked at an example of a retail-based loyalty program.

This week we will examine the four steps to developing a successful loyalty program no matter what type of business you are in.

Having the best product at the best price is never enough to bring customers back. You must have more to offer customers than these two variables. Otherwise your competition will be waiting for you to falter. Waiting to capture the loyalty that your business failed to create.

The four steps to developing a successful program.

### **Step 1 - Identify What Your Goals Are:**

Your goals could include to:

- Increase the average transaction amount;
- Further enhance existing customer loyalty;
- Prevent customers from leaving before they decide to, or
- Provide added value services.

### **Step 2 - Identify What Your Benefit Mix Will Be:**

Identify what you benefit mix will be. Obviously your goals are going to drive what benefits you will choose to include.

Ask these questions of each benefit such as will it:

- Save my customer time and energy?
- Make my customer's life easier?
- Make or save my customer money?
- Enrich or add value to my customer's experience with our company?

It is possible to tailor your benefit mix to different customer segments. This works very well.

### **Step 3 – Decide How Your Program Will Be Funded:**

You can either charge a membership fee or work the costs into your overall marketing strategy. The most successful loyalty programs have the customer paying something to be part of an exclusive club with special privileges.

### **Step 4 – Develop Your Communication Strategy:**

The best program is only successful if your customers know about it and are persuaded to join in. However, remember that your customers only listen to one radio station - **WII-FM – What's in it for me?** Make sure your communication is clear about WII-FM!

A well-designed loyalty program can help increase customer retention. Although customers may be price conscious, they will be loyal if you earn their loyalty. If price is the only thing that they value then be prepared to be tenaciously competitive on price. However, there may be other factors that are just as important. Do you really know what each of your customer's value the most about your business? Knowing this will help you design a loyalty program that targets WII-FM!

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