

DON'T DO IT!

3 THINGS CONSUMERS DON'T WANT FROM YOUR LOYALTY PROGRAM

Most marketers tend to fall into one of two generalized categories: Luddites who never met a direct mail campaign they didn't like, and Technophiles who can't wait to try every new tool (e.g., QR codes, location-based services, virtual rewards, etc.). The latter group is just beginning to truly influence the conversation in

experiences, and cash isn't the only substitute. Here's an example: Outdoor clothing and equipment retailer REI uses social responsibility as an intrinsic reward for its consumers. In place of a points system, the company pays a year-end dividend to each of its co-op program members. With the dividend, REI outlines how program par-

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the consumer loyalty space as a result of more in-depth discussions about what customers really want from loyalty programs.

However, giving consumers what they want doesn't always mean doing more. Just as important, the industry needs to explore what customers don't want in their loyalty programs. **Here's my list of the top three things customers want to avoid in your loyalty strategy:**

1. Irrelevant communications. I recently joined a loyalty program for a local art store; the program is very popular with female customers. I'm reminded of this fact whenever I receive a communication from the store—they always start with "Dear Ladies." Either "Barry" suddenly became unisex or the store needs to add more questions to its enrollment profile. Either way, it's a misfire in my relationship with the brand. It's time for brands to make better use of customer data to create campaigns and offers that speak at a meaningful level.

2. Just tangible rewards. People want more than material rewards from consumer

participants contributed to the greater good by simply being a member. Their purchases helped fund numerous volunteer programs. By purchasing a new soft-shell jacket, a consumer's experience with the brand connects them to doing social good (which stimulates the brain in a gratifying way).

3. To join another traditional loyalty program. While program enrollment continues to increase across most industries, actual member engagement is flat. This tells us that consumers buy into the idea of loyalty programs, but they find little to interest them once inside. If you pay any attention to the latest discoveries in human sciences, it should be no surprise that customers aren't thrilled by two-decade-old program formats. As Gen X and Gen Y become the dominant consumer demographics, expectations will continue to rise for experiences with interaction, collaboration, mastery building and more. Giving customers what they want starts with knowing what they don't want—and ensuring you deliver on both ends. —BARRY KIRK, solution vice president, consumer loyalty, Maritz Loyalty & Motivation

HOW TO:

Street Smart

Tip: Give the Unexpected

IN JUNE, THE MARKET STREET SUPERMARKET CHAIN launched its first loyalty program, Smart Rewards. It made it easy for shoppers to sign up by setting up touch-screen kiosks inside the store, as well as promoting the program on Facebook and twitter.

It starts off in a typical way, with customers earning one point for every dollar spent and when 500 points are earned, shoppers have a choice to receive either a \$5 savings on purchases or a 25-cent per gallon discount on gasoline.

But this program works harder because of the unexpected elements layered on to the same old boring points redemption model. For example, the first time new members shop they receive a coupon for a free gallon of milk. A daily drawing is underway through Jan. 31, that gives members a chance to win their basket of groceries for free each time they use their card, and, they are automatically entered for a chance to win a monthly prize of \$5,000.

Within the first week, more than 25,000 people had signed up.

"The guests are very excited about the program and recognize it is unique in the grocery industry," says Monica Schierbaum, marketing director for United Supermarkets, LLC, Market Street's parent company. "We have heard many guests comment on how quick the electronic enrollment process is. They also think the program is easy to understand and simple to participate in." —PATRICIA ODELL



MAKE MEMBERSHIP WORTH IT

Ideas for optimizing your retail loyalty program efforts across multiple channels

Ask most shoppers if they get a consistent experience across all retail channels, and they'll probably say that's not yet a reality.

And customers aren't the only ones who feel that way. In an informal poll at the Customer Relationship Management Conference in Chicago this year, over 65% of loyalty leaders admitted they felt unable to deliver a consistent cross-channel experience to their members.

Of course, aligning experiences across channels was simpler when it only involved the call center, direct mail and in-store experiences. In today's world, social media, ecommerce websites and email have expanded the channel possibilities, and the need for state-of-the-art customer management technology.

Here's some common mistakes that retail loyalty programs often make that can easily be turned into opportunities for optimal cross-channel development.

1. DIFFERENTIATING MEMBERS' ONLINE EXPERIENCE. Retail websites tend to provide a similar experience for each customer whether they spend \$10 annually, or \$10,000. This is mainly because many sites bury the link to their program under a "credit card" tab. Instead, put the loyalty login in the top row and make it very visible. Include access to special merchandise, instant online support service, and other cor-

responding benefits that customers are familiar with receiving in-store.

2. ALIGNING LEADERSHIP BY OPTIMIZING KNOWLEDGE SHARING THROUGHOUT THE ORGANIZATION. Cross-channel experiences for customers are rarely consistent if there is no alignment at the senior leadership team level in defining how these experiences should be delivered. It's helpful to start with some tactical accomplishments (an e-commerce group sharing browsing behavior throughout the organization, systems for floor associates to share customer preferences with the call center, etc.) and build to strategic recommendations (program data influencing merchandise selection, new retail models, etc.).

3. INCORPORATING FRONT-LINE STAFF INTO PROGRAM PLANNING AND DELIVERY. Front-line employees are typically under-utilized within loyalty programs, creating an environment where they deliver customer experiences that vary greatly across channels. We find that there is a large push to involve associates in training when programs are launched or refreshed, but ongoing front-line employee support and training is often a prime target for cost cutting. At the very least, your training schedule should reflect your employee turnover trends.

4. ENHANCING CALL CENTER EXPERIENCES. Preferential queuing is great for call center support, but imagine your best customers raving about the service they received via this channel. Look to Saks Fifth Avenue for inspiration; their special services number for Diamond members delivers an exemplary relationship building experience that is a competitive advantage when compared to faceless CSR experiences that can be common within the industry.—**FRED THOMPSON, partner, retail practice lead, for LoyaltyOne Consulting**

PACKAGED GOODS:

Tip: Go Sweet and Seasonal

HOSTESS IS USING A SWEEPSTAKES AND THE GAME OF BASEBALL TO DRAW ATTENTION TO SOME OF ITS BAKERY ITEMS.



The "You Could Win A Dream Road Trip" promotion offers three grand-prize winners and their families the chance to attend a Major League Baseball game in the city of their choice. In addition to the grand prizes, more than 200 daily-prize winners will receive \$100 Stub Hub gift cards redeemable for approximately four home game tickets.

In stores, customers will find messaging about the promotion, along with a unique code, on multipacks of Hostess Twinkies, Hostess Chocolate CupCakes, and limited edition Hostess Baseballs—cup cakes with vanilla icing and red icing "stitching." People then register the codes online at HostessCakes.com and play the "Home Run Challenge" game for the chance to win. The promotion began June 20 and runs through July 23.

Hostess is taking advantage of people coming to its website by offering a second promotion, "Cupcake Jackpot." The sweepstakes celebrates Hostesses cupcake flavors by offering registrants a chance to win \$25,000 and other prizes by taking a poll to choose their favorite flavor—chocolate, golden, strawberry or orange. (So far, chocolate has a wide lead).—**PO**

IDEA TO STEAL:

Say in the past you gave loyalty club members a dollar-off-discount coupon. Instead, why not offer a 50-cent coupon plus double loyalty currency points? The cost of

those points, plus the fifty-cent discount, might be only 80 cents.

"We have done a number of tests of points only versus discount only," says Dennis Armbruster, managing partner at LoyaltyOne Consulting. "We get the best response to a combination of those two.

It delivers immediate value, appeasing the need for speed. Plus it appeals to the aspirational goals for customers in ongoing programs who want to bank their points. You hit both sides of the consumers' drivers there: They want now, and they want to be recognized over time."—**RICHARD H. LEVEY**