

HOW TO DESIGN A
LOYALTY PROGRAM PEOPLE
ACTUALLY WANT TO USE



Many brands in today's retail and ecommerce markets have created a loyalty program for their customers, including everything from coupons and special offers to free products. With companies in the US spending over \$1.2 billion and the average US household subscribing to about 22 different programs, it's crucial that brands differentiate their loyalty program from the rest.

Before rolling out your loyalty program, you need to think about two different groups of people: your target customer and your bystander customer. Many brands simply focus on the target customer. Finding a way continue to do that while also enticing bystander customers will make your loyalty program even more successful.



Target customer: your primary demographic, those who actively use your website or app, brand advocates



Bystander customer: your customers who aren't yet part of the loyalty program – they don't receive rewards themselves, but observe others being rewarded

HERE ARE 10 QUESTIONS TO ASK YOURSELF AS YOU'RE CREATING OR REVAMPING YOUR BRAND'S LOYALTY PROGRAM:

1. How will you account for the opposing motivations of your target and bystander customers?
2. If you already have a program in place, does it alienate either the target or the bystander?
3. How hard is it to understand the program's rewards (rule clarity)?
4. Do customers feel like their rewards are unique (reward exclusivity)?
5. Do bystander customers see others earn rewards (reward visibility)?
6. If bystander customers see others earn rewards, is it offensive to them or does it drive their desire to sign up?
7. Are customers able to sign up for the program from the location of their choice (in-store, via your app or via your website)?
8. Is membership worth the sign-up, management and time?
9. Does your loyalty program guide customers to make purchases you'd like them to?
10. Does your program feature the ability to add a card to Passbook and/or Google Wallet, eliminating the need for a physical card?

In the end, whether you're creating a loyalty program from scratch or making changes and improvements to your current program, your goal should be to delight current customers and appear irresistible to your customers who aren't yet engaged. Lay the framework for your loyalty program by using your answers to the 10 questions above, and get ready to reap the benefits! Ready to get started? **Contact us today!**

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