

# Loyalty & Rewards That Drive Repeat Business

Discover proven loyalty and rewards strategies that increase customer retention, boost repeat purchases, and turn satisfied customers into long-term brand advocates.



# Definitive Reference Guide for a Successful Loyalty Program



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Today, most successful businesses have focused their marketing efforts on acquiring new customers to maintain steady growth over time. They miss realizing that existing ones give them cost-effective ways of expanding their business.

Acquiring new customers costs much more than making a sale for existing ones. Besides, existing customers are more likely to make purchases than newly acquired ones. Therefore, many businesses today have shifted their focus on customer retention through a successful loyalty program.

Companies launch their brand loyalty programs to retain customers in a mutually beneficial business cycle. Such campaigns include many activities that are adopted to increase the loyalty of customers for your brand. This Nextbee's definitive reference guide will give you a fair idea for choosing [loyalty programs over customer retention](#).

**To understand how our program works, download NextBee's PACE document.**



The PACE concept focus on Personal, Adaptive, Control and Excitement features of your brand loyalty program.

## **What Makes Successful Loyalty Programs important for Your Business?**

eBay is planning to launch its loyalty program in Germany in the second half of 2015. This program is said to be in the testing phase now. Titled as eBay, this program focuses on sellers and will help them generate sales through existing consumers and acquire new ones.

Let's analyze the above example and why suddenly, eBay is planning to launch its loyalty program. Generally, startups, as a thumb rule, focus on acquiring new prospects. However, as your business establishes, the focus should shift to the retention of customers.

Recently, studies have revealed that the cost of customer retention is approximately 7-10% less than the cost of acquiring new consumers. According to the survey, a 5% increase in customer retention has the potential to boost your profits by 25% – 125%.

Customer retention increases your direct sales volume due to repeat visits and purchases made by your existing consumers. Besides, your loyal consumers serve as brand ambassadors of your business as they indulge in loyalty campaigns to increase brand affinity.

**Building Strong Customer Retention Process**

Given that you are continually growing within a fiercely competitive marketplace, the objective of successful loyalty programs should attend to the concerns of your consumers.

There may be a few fundamental underlying reasons why your customers are not staying with you. The most important ones are the unhappiness of consumers with the quality of service they get, unhappiness with the product's quality, or preference for other competitors over you.

But, before you settle down on the drawing board to chalk out your brand loyalty programs, gather, study, and analyze available data to understand customer expectations. Analyzing such data helps you develop practical and successful loyalty programs to attract buyers for repeat purchases and brand awareness activities.

Another fundamental theory states that every business caters service to different types of consumers. Therefore there is no such right-thumb rule plan to adopt.

Consequently, it would be best if you prepare to develop a customized loyalty campaign according to customer's expectations and buying behavior – which is influenced by regional, social, financial, and demographical factors, etc.

### **Tools and Procedures That Work**

Developing a successful loyalty program requires specialized tools, tactics, and procedures. Many such useful tools can help you build an effective loyalty program to foster customer retention.

Few popular tools preferred these days include rewards software, tracking software, engagement activities, personalized and promotional offers, social recognition badges, social media promotions, exclusive VIP club model, turnkey widgets, gamification, etc.

In today's market with digitally advanced consumers, you have options to utilize platforms like online portals, websites, social media channels, email or content marketing, etc., for optimizing your loyalty program.

During the development, analyze and utilize customer data to pick the right mix of tools to customize your campaign. While making any changes or making decisions, always think from the buyer's perspective.

Employ Customer Relationship Management (CRM) tools and other tracking software to understand customer behavior. It will help you to identify factors that stimulate consumer's buying decisions.

### **Systematic Stages of Successful Loyalty Programs**

Like other business decisions, developing a successful [point-based loyalty program](#) needs comprehensive planning and proper execution. Here are systematic stages your brand loyalty program should march through:

#### **Understand Your Customers**

Guessing the right loyalty program strategies isn't feasible from the outset, as every company has different business objectives. However, by understanding customer behavior and purchasing history, it won't be that difficult for you to decide a near-perfect brand loyalty program.

It will augment sales through existing customers and brand marketing activities such as referral sharing or social media sharing. Therefore, customer data should be gathered, studied, and analyzed adequately before executing the plan.

### **Segmentation of Customers**

In the business cycle, every customer belongs to a specific phase. These phases can be segregated on various criteria. However, classification based on purchasing history is said to be the most effective one.

Segment your consumers on this criterion and put your high purchasing customers into an elite group and develop promotional offers accordingly.

Similarly, some customers are almost on the verge of switching to other competitors. By segmenting consumers, you can create specialized campaign features for every identified segment.

Customize your communication tools instead of sending generic email templates and messages to every single user.

### **Create Sensible Loyalty Program**

Remain careful while choosing your loyalty program, as it is always advisable to select features and tools for your plan, which make real sense in accordance with your business. Besides, keep your program convenient for customers. For example, don't create a program in which rewards look improbable and out of users' reach.

Such a program is more likely to distract buyers than attracting them. If you have an easy and quick reward cycle in the loyalty program, [customer engagement](#) will be unarguably much better.

### **Be Reachable To Customers**

Focus on staying available to your customers at the time when they need your assistance. Your unavailability may leave your consumers irritated, which is a significant factor why many customers become dormant.

You should create multiple contact points to assist consumers through modes like online chat, emails, call centers, etc. Pay attention to customers' needs and employ quick communication processes to enhance their lifetime value and render reliability to your brand loyalty programs.

### **Optimize Technology**

Technology has a significant impact on any successful loyalty program. The technology takes care of two facets – customer and business. In the context of customers, technology helps you to integrate accessible and ready-to-use features that can be used by anyone with the least training. On the other hand, from a business perspective, technology ensures accuracy, reliability, and performance.

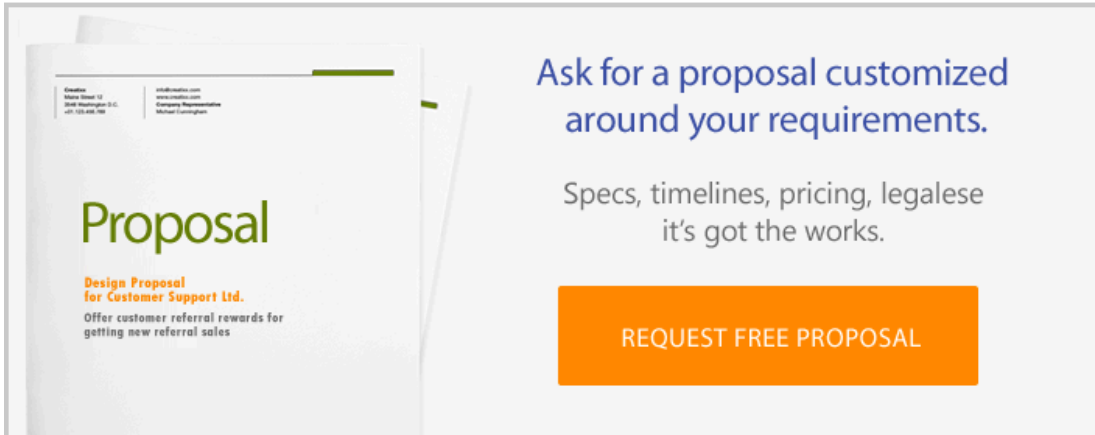
### **Tracking, Feedback, and Improvement**

Long term objectives of successful loyalty programs are not limited to one-time planning and implementation. Tracking, collecting feedback, and scope of improvement are essential factors that help you to create an adaptive and successful loyalty program.

Include tracking software to track various user activities and analyze salient features to understand their instinctive behavior. Similarly, collecting feedback can also help you to identify customer's expectations from your business.

These tools help you to improve your program according to inputs received from the activities of existing consumers.

Always remember your customer comes first for you all the time. It's all about knowing how your customers are feeling in a loyalty program rather than only focusing on your business.



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## Rohit Singh

VP of Customer Engagement

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