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Customer Experience Strategy Blog

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Loyalty Programs that Grow Loyal Customers



Forrester research shows that 1/3 of consumers say [loyalty programs do not influence the purchases](#) that they make, and the number of consumers who feel these programs offer no real value is on the rise. Supporting this is a blend of research collected by the [National Business Research Institute](#) (NBRI) stating the following: “85% of loyalty program members never hear a single word from their loyalty programs after the day they sign up.” In other words, loyalty programs aren’t doing too much to build customer loyalty.

Byran Pearson, author of “The Loyalty Leap” offered advice on how to solve this problem in an interview with [RetailCustomerExperience.com](#):

“In order to thrive, a loyalty program needs to be relevant to its members. This goes beyond merely rewarding points and delivering promotions. The entire loyalty program experience, from sign-up to communications to the rewards delivered, has to be relevant to what the consumer wants and values.”

For loyalty programs to add value to the company they need to add value to customers by having a positive impact on the experience.

In “[Different: Escaping the Competitive Herd](#)” Harvard Professor Youngme Moon relates a story about a time when she encouraged her students to think of a truly delightful, gratifying loyalty program. Answers included the following:

- The loyalty program doesn’t keep score, but it does randomly surprise customers with acts of generosity
- Instead of handing out prizes it gives customers the ability to award prizes to

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employees who go above and beyond for them

- Instead of making it hard for a customer to quit, they made it effortless and without penalty

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Her students were sharing a vision of loyalty programs similar to the programs Bryan Person has in mind, programs that focus on relevancy and adding real value to the lives of people.

Consider a program like Amazon Prime. The plan offers free 2-day shipping, streaming movies and a variety of other small perks for \$79/month and has quietly gained the loyalty of an astounding [20 million Americans](#). Amazon Prime addresses the most uncomfortable part of the online shopping experience – relentless shipping fees. They removed this barricade and added enormous value to the lives of their customers while giving Amazon access to a massive share of wallet.

Customers seek acknowledgement from companies they do business with that their business is valued. They expect added value in exchange for their loyalty. But something as fragile as “loyalty” cannot be collected through sign-up forms and club cards, rather companies need to create delightful, gratifying programs that contribute to a consistently great customer experience.

Additional Resources:

[Voice of the Customer Fact Sheet](#)

[What Does it Mean to Delight Your Customers?](#)

[Seven Practices of a Customer-Centric Organization](#)

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