



ESTABLISHING A CUSTOMER LOYALTY PROGRAM

A lot of companies nowadays are coming up with various customer loyalty programs to ensure bigger profits for their companies. This may seem to be quite a worn idea already for a customer loyalty program but people, no matter how wealthy they are, actually enjoy getting freebies every now and then.

1. The Concept

Let's try to further discuss the concept behind this customer loyalty program. With a rewards-based customer loyalty program, the customer will have fun spending more on your company due to your company's promise that the bigger points the a loyal customer receives from their purchases the greater the rewards that they will soon get from the company. From having free expensive designer items to even an all-expenses paid grand vacation trip courtesy of the company. It really doesn't matter - the point is, it is a small amount to pay considering the years of loyal purchases that these customers have brought in to your company. Of course, this all sounds good on paper, but a truly excellent loyalty program doesn't just pamper customers, it entices them to continue patronizing your business, or even tell their friends about it, offering your business some invaluable word-of-mouth advertising.

2. Rebate Programs

A less fancy customer loyalty programs is the rebate program. This is wherein the customer will be able to get a percentage back from the amount of their purchases as coupons that they can use to pay for more stuff from your company. It really is a simpler customer loyalty program as compared to the rewards system. Not only will it be easier on your company's pocketbooks, it will also give your business some added profits because through the rebate customer loyalty program your customers will, in the end, end up spending more on your company because the coupons cannot be exchanged for real currency or used anywhere else. In actuality, there is no real incentive for customers to use the program.

3. Loyal = Profitable?

A lot of people still view being able to provide your loyal customers with great service does not automatically ensure a company that their customers will stay. This is why there is a great need for an effective (but still profit-oriented) customer loyalty program. While great customer service can result in a customer making a purchase more than once, a well-designed customer loyalty program will ensure they wouldn't even ever dream of going to your competitors, and in fact, would even recommend friends to use your services.

4. The What If's

The biggest concern that most CEO's have is thus: a strong customer loyalty program can keep customers that are already loyal loyal, but what about the next generation of shoppers? And even worse, an ill-planned loyalty program, built with little or no data about your existing loyal customers, will be doomed to fail. Find ways to collect this incredibly important data months in advance of launching your program. Invest heavily in a statistics specialist, and ensure he has the latest statistics software such as SPSS. Remember, even if you have an abundance of data, it will be completely useless to you if you can't make sense of it. Worse still is having data that wasn't collected scientifically to be an accurate representation of the population being sampled.

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