

## A SIMPLE-TO-IMPLEMENT CUSTOMER LOYALTY PROGRAM

Every business should have a customer loyalty program.

*Why?* It costs five times as much to find a new customer than it does to get a current customer to come back and do business with you.

Loyalty programs inspire customers to increase their use of your business's products or services. It rewards your customers for making repeat purchases with discounts or added-value offers.

### Step One

Identify your objectives and goals for your Program. Examples include:

- Maintain customer spending habits in an effort to reverse the natural decline in buying activity that otherwise tends to occur over time
- Increase sales by enhancing a feeling of inclusion and loyalty to your business
- Show customer appreciation by providing rewards for past purchases, which tends to inspire additional buying activity
- Collect information on customer buying patterns and preferences

### Step Two

Design your program. Example formats could include:

- Buy-ahead discounts: this kind of program aims to lock in loyalty at the time of a first purchase with a card that entitles the buyer to an immediate bonus along with discounts on future purchases
- Purchase-level rewards or discounts: these programs offer customers a free gift or discount when they pass a certain spending level. For instance, a clothing retailer might offer customers a discount when sales in a single year reach \$500.
- Rebates against spending levels: instead of providing a discount upon achievement of a spending level, this program tallies up a year's worth of spending and provides a year-end rebate
- Upgrades and special treatments: this program relies on the value of surprise rewards
- Create a Community: Every human has a deep inner need to belong to a community. "Belonging" gives us security and helps us to understand our place in life. *How do you create a community?* Sponsoring local events

Avoid programs that look more like promotions than rewards or that provide incentives with too many strings attached.

*It's not too hard to implement your Own Customer Loyalty Program. Here's An Idea...*

Create a "frequent purchase" card and give it to every person that buys from you.

A variety of options are located on the Salon Marketing Portal:



### Step Three

Promote your loyalty program – flyers/posters, a script for your staff, a process to deploy the cards

### Step Four

Report! Report! Report!

Keep a track of who is using their cards, the frequency they are returning and buying patterns. Reporting tools allow you to capture customer profile information and track purchasing history.

Use this data to then:

- Be a reminder service: send a reminder to customers when it's time to schedule a haircut or a colour service
- Make customers feel even more pampered: offer your loyal customers exclusive treatments or discounts to encourage them to keep coming back
- Cross-promote your products or services: if a customer frequently visits for hair styling, why not offer a discount on hairstyling products sold at your store or offer complimentary samples to encourage future purchases
- Provide surprise rewards: rewards that arrive without the customer making a redemption brings your business back to top of mind eg come in this month and get a treatment for X or provide double rewards for the month etc
- Make your loyal customer your best advertisement: you can use the program to identify those customers who most frequently visit your store, then notify them about special incentives for referring friends and family
- Find out what your customers really want: generate a member list and use that information to send out feedback requests to your customers to help you fine-tune your customer service
- Create personalised promotions: target promotions and special offers based on customer information you gather from the cardholder profile information

**A great article on Improving Loyalty Programs from Business Review Weekly**

[http://www.brw.com.au/p/marketing/improve\\_your\\_loyalty\\_program\\_surprise\\_upcMGtxosZefKo63eMh1mJ](http://www.brw.com.au/p/marketing/improve_your_loyalty_program_surprise_upcMGtxosZefKo63eMh1mJ)