Brand loyalty and rewards programs are designed to foster brand attachment and keep customers actively coming back to your business for more. But once the points dry up, will the loyalty evaporate too?

* A certain amount of points assigned according to purchases – that can be used towards future purchases. EG. 1 point for every $10 spent. Each point is worth $1. Can cash in towards a future purchase or a gift card.
* Points go towards selected popular prizes
* A raffle that each customer who makes a purchase of a certain amount and over ($100 +) will get an entry into. There could be pricing brackets – 100-300 is one entry, 300-500 is 2 entries etc…
* A gift rewarded to a customer on their 10th purchase (regardless of the value of their purchases)
* 1 millionth customer award (or whatever significant number we choose)
* Website treasure hunt – to get customers who are logged in and have a significant amount of purchases, to look at more details or parts of the website that they wouldn’t have normally looked at. It could go something like this: > customer gets to the home page – and there is a tiny icon somewhere that says look at me > message explaining what will happen – and asking customer permission to activate the treasure hunt as they browse through the website > get the customer to go through certain processes to reach the prize > could be a hidden product that is being offered for a ridiculous discount or for free.
* Scratch cards – they’re fun, and could be sent to customers with either a secret discount, or free gift.
* Promotional items – can be used to go along with the first purchase a customer makes.
* SH

A tiered approach that tailors benefits to different kinds of consumers (suggestions are based on a photography-oriented customer).

For instance…

Level One/Premiere Member (Consumer/Hobbyist):

$1 Dollars for every X points

Basic perks include: BOGO film, free returns & VIP shipping privileges, dedicated/express lane in SuperStore, anniversary/birthday bonuses/coupons, access to special sales/bundles/seasonal promotions

Level Two/Prestige Member (Prosumers):

$2 Dollars for every X points

Additional perks include: free film with every purchase, free memory card every 6 months, same-day shipping in NYC, direct line to dedicated CS expert, “00*B*” scanner to use in-store for instant purchasing, discounts on vehicle/equipment rentals

Level Three/Master Member (Pros/Studios):

$5 Dollars for every X points

Additional perks include: free seamless/tripod/light meter replacement, free express shipping 24/7, lifetime guarantee/replacement on all Gradus Group products, tie-in to frequent flyer program

Levels can be determined by amount spent or can be opted into on a paid/fee basis.

No matter how the program is structured, we should support it with a dedicated email stream (including promos and periodic reminders to use points/rewards) which members can opt into and out of via the Account section.

Further reading about competitor’s programs:

<http://www.bradsdeals.com/blog/get-rewarded-for-your-loyalty-the-best-customer-loyalty-programs-their-benefits>

Customers in Bulu’s loyalty program are given the option every month to review the products they received in their subscription box. Customers are rewarded points for the surveys and reviews they complete which gives Bulu Box valuable information on what items they should keep and which items should be replaced. This ensures an amazing customer experience and [promotes brand advocates](https://www.sweettoothrewards.com/blog/brand-advocates-step-5-in-the-complete-customer-journey/).

B&H Credit card

Gold members to be recognized on the phone with special treatment

* AC

A tiered program based on certain criteria. A Pioneer level for beginners that give them a small discount. If they have a social media following or a certain amount of equipment they bought then they can be upgraded to a higher level with different benefits. For instance if they have a instagram following of 10,000 or more and post a certain amount of times about B&H then they can move to the next level which gives them a greater discount, news about products before they are announced. A pro level for people who can show they work in the field. They get all the benefits below with the possibility of testing out certain equipment like the affiliates. Many people would love the ability to have gear to test like Steve Huff does.

B&H credit card with points like amazon does with Chase. I would certainly use it based on how much I buy here.

If social gets built, points that can later be turned into savings if they create content for us.

Not really a loyalty program, but a kickstarter like program to help photographers or videographers fund their products with gift cards from B&H. People pledge money to the project and they can only spend it at B&H.

* GB

**Loyal Customer** can be defined as frequency & dollar amount spent.

Dollar amount – Defined by the total dollar spent per year and/or based on total since account is created.

Frequency – Number of transactions per month.

**Benefits Include:**

• Surprise relevant small gifts that comes with their purchase (based on the item category). Taking advantage of Gradus products, e.g. cleaning kit.

• Extended return policy.

• Special discounts with some brands, similar to the employee vendor discount program.

**Ways To Earning Points:**

• When your review is highly rated (thumbs up)

• Referrals, birthdays, sign up social media and etc. See how olympus does it below.



* EC

I would suggest the current Rewards Program as the backbone of the new loyalty program, but we would need do a complete overall, starting with changing % to points —the rational here would be the familiarity users have with airline loyalty programs, for example.

Other possibilities:

— User would be able to set “goals” for spending points (tied to wish list, maybe? See mint.com) — this could also be a great opportunity for us to crank up more customization, at least defining user’s areas of interest.

— A nice graphic representation of points accrued could be an element of gameification, helping the user figuring out how close/far they are from the goal.

— Creating partnerships with other businesses in order to offer perks for points (e.g. hotel stay in NY for 120,000 points, air miles from Virgin Atlantic/El Al ;-), along with memberships to KelbyOne, etc.

* **NG**

Having tiers that are challenging but not impossible to reach can be an irrationally huge motivator. Giving users a badge next to their name on the site to indicate their status could also be very effective - it can be on their reviews, user photos and (eventually) wish lists.

One REALLY compelling benefit for higher tier members would be the phone number of an expert who they can call with any questions (within reason). I don’t know if we can offer this.

Looking at the Olympus program, it’s nice how they have ways to earn points that don’t cost money, just time. We can leverage most of these, notably

- Connecting on social media

- Writing a review

- Signing up for newsletter

- Having a birthday

Another idea would be to give people double points for buying something in the week before or after their birthday. Do we do giftwrap for shipping items as a gift? Give them double points for any purchase that’s a gift, too. In fact, why not give double points for the whole Black Friday to Xmas stretch?

Offer double points on certain items (DealZone, preorders of new top of the line stuff, bundles).

Most importantly, though, referrals are really becoming trendy again as a part of any customer loyalty program. Giving users their own referral code or ability to generate affiliate links empowers them to really become zealots for B&H. This is going to be especially effective on Instagram, where there’s already a huge influencer marketing boom happening, and a lot of photographers have devoted followings. In fact, any social media methods of earning points should be worth double on Instagram.

Another strategy is to tie in earning points with participating in seasonal promotions or contests. Post a link to a seasonal promotion, get 25 points per network (50 for instagram). Participate in a a Cannon / B&H photo contest and get 500 points just for entering. Then throw in another 5,000 points for the prize.

In addition to seasonal promotions, you could have an ongoing promotion where any social media posts at the B&H location or using a specific hashtag (#ILoveBandH for instance) earn points too. Maybe have the BEST post per month win 5,000 points, and put them in the newsletter.

**ER**

Surprise customers after a certain amount spent that they have been upgrade to “gold” status (or VIP, Premier, whatever) for a period of 1 year.

Zappos used to do this and I thought it was pretty cool when I was notified I was upgraded without expecting it.

Set and communicate a certain amount to spend in the following year to renew membership.

Maybe even offer membership for purchase like Prime. Many users in tests I’ve watched lately mention Prime as a reason for buying at Amazon when all else is the same.

Benefits could include:

* Free or discounted shipping with no minimum purchase or upgraded shipping
* Special discounts on certain high margin items (Gradus)
* Priority access to new release products
* Advance notice or exclusive sales just for members
* Access to educational material (Kelby videos)
* Priority access or discounts to B&H events (like that Nat Geo cruise)

After giving them this unsolicited status, suggest they share their experience on social media (#banhVIP)

Membership could also be offered as incentive by sales people on phone or chat or in store.

Maybe at a higher level of spending (platinum) offer to assign a personal "B&H concierge”… basically a dedicated account rep.

**DA**

**Additional Ideas from other companies:**

**Nike Hong Kong #Makeitcount Campaign:** This program integrates the product into the loyalty experience. Participants complete “missions” in a variety of activities such as running, skateboarding, playing football, walking a pet or attending a dance class. They then share a photo or status on Facebook, earning points for each completed mission. They can exchange those points for accessories, clothing, equipment and even tickets to sporting events. ([**This video**](http://www.youtube.com/user/nike/makeitcount) does a great job of introducing the "Make it Count" concept and the Hong Kong Make it Count loyalty program.) **Urban Outfitters:** This program rewards loyalty with unique prizes, and has a knack for engaging with its loyal users in interesting ways. Urban Outfitters' customers receive points when they use its app to upload photos of Urban Outfitters merchandise, which syncs with the users’ social media networks. They can exchange points to receive rewards such as designing their own Urban Outfitters outfit or hold their own fashion show at an Urban Outfitters store.

***The Takeaways***  
Instead of just rewarding customers for their brand loyalty by giving discounts on future purchases, take it further into social media and reward people who share their stories with your brand. Use your loyalty program to expand your media presence. Use online social media platforms and hashtags and remember, you don’t necessarily have to limit customer stories to be about your own products; make your customers and their stories the focus.

**GrubHub:**This food ordering and delivery website uses gamification to increase customer engagement. It created [**Yummy Rummy**](https://www.grubhub.com/Sweepstake.action); after placing three unique orders, customers can play an online game for a chance to win free prizes like free food for a year, up to $200 off a future order, or a free dessert or drink.

**Foggy Bottom Grocery (FoBoGro):**To compete with larger convenience brands, local FoBoGro came up with unique rewards for loyal customers. Consumers can cash-in points for a date with FoBoGro’s co-founder, invent their own sandwich and put it on the menu for a week, or participate in a 30-second shopping sweep during which time they grab as much from the store as they can. The campaign uses [**Twitter**](https://twitter.com/FoBoGro/status/30699047710887936) as a key channel.

**Kimpton Hotels:** Kimpton Hotels offers personalized [**loyalty rewards**](http://www.kimptonhotels.com/intouch/KIT_overview.aspx)for its members. Members of the “Inner Circle” receive a complimentary chef’s treat and preferred seating and reservations at every Kimpton restaurant.

**Neiman Marcus:** Valued customers in the brand's [**Inner Circle**](http://www.incircle.com/) receive invitations to members-only shopping events, advance notices for sales, double points on a day of their choosing, concierge service, private off-hours shopping events, custom travel and increased points values.

***The Takeaways***  
These businesses leverage their core products and services to deepen their relationship with their consumers. They're not looking to third-party offers and random gifts that can feel tired or, at worst, cheesy, and can dilute the brand relationship. Any brand can give loyal customers an iPad or a set of luggage, but is that really communicating something unique? Does it deepen their connection to the brand?

The brands above deliver more of what they already have and offer exclusive access to their most loyal customers. Their loyalty programs permit their target to feel like a true insider and become even more intimate with them.

## Rewards With A Twist

Think about these key principles:

* Encourage customers to share their own stories of your brand
* Offer deeper, broader, earlier access to your products and services
* Think of one-of-a-kind experiences that will grab their attention

Turn your business into a destination that people will want to come back to again and again by implementing a more-powerful, unique rewards program.

**Charge an upfront fee for VIP benefits.**

Loyalty programs are meant to break down barriers between customers and your business. In some circumstances, a one-time (or annual) fee that lets customers bypass common purchase barriers is actually quite beneficial for both business and customer. By identifying the factors that may cause customers to leave, you can customize a fee-based loyalty program to address those specific obstacles.

According to [a 2015 study of 500 leading global brands](http://www.salecycle.com/remarketing-report-q1-2015/), **cart abandonment rates reached 75.6%** across retail, travel, and fashion. This abandonment is often caused by "sticker shock" after tax and shipping prices have been applied. Below, we'll take a look at Amazon, the ecommerce giant that's found a way to combat this issue using a loyalty program with an upfront fee.

This system is most applicable to businesses that thrive on frequent, repeat purchases. For an upfront fee, your customers are relieved of inconveniences that could impede future purchases. Amazon's mastered this for ecommerce, but this model also has potential to work for B2B businesses that deliver products to businesses on a regular basis.

#### **Case Study: Amazon Prime**

For $99 a year, [Amazon Prime](http://www.amazon.com/Prime) users get free, two-day shipping on millions of products with no minimum purchase, among other benefits.

Why is this a great example? Because it provides enough value to frequent shoppers for them to feel like it's really benefitting them. Actually, [analysts estimate](http://www.nytimes.com/2014/01/31/technology/amazons-shares-fall-as-revenue-disappoints.html?_r=0) Amazon loses $1-2 billion per year on Prime. But the company makes up for it in increased transaction frequency: [According to a 2015 report from Consumer Intelligence Research Partners](https://files.ctctcdn.com/150f9af2201/bf283d9e-4cbb-4306-8645-b2dc9a16d805.pdf), **Prime members spend an average of $1,500 per year on Amazon.com, compared with $625 per year spent by Amazon customers who aren't Prime members.**

**Structure non-monetary programs around your customers' values.**

Truly understanding your customer means understanding their values and sense of worth. Depending on your industry, your customers may find more value in non-monetary or discounted rewards. While any company can offer promotional coupons and discount codes if they want to, businesses that can provide value to the customer in waysother than dollars and cents have a unique opportunity to connect with their audience.

#### **Case Study: Patagonia's Common Threads Initiative**

Patagonia, an eco-friendly outdoor apparel company, realized that its customer needed more than just points and discounts from a loyalty program. In conjunction with eBay, it implemented the [Common Threads Initiative](http://www.patagonia.com/eu/enGB/common-threads/) in late 2011 to help customers resell their highly durable Patagonia clothing online via Patagonia's website.

The Common Threads program builds on Patagonia's brand of sustainability and creating a high-quality product. Plus, it matches perfectly with the company’s target audience by providing a value they know customers really care about.

### **Partner with another company to provide all-inclusive offers.**

Strategic partnerships for customer loyalty (also known as coalition programs) can be super effective for retaining customers and growing your company. Which company would a good fit for a partnership? Again, it boils down to fully understanding your customers' everyday lives and their purchase processes.

For example, if you’re a dog food company, you might partner with a veterinary office or pet grooming facility to offer co-branded deals that are mutually beneficial for your company and your customer. When you provide your customers with value

that's relevant to them but goes beyond what your company alone can offer them, you're showing them you understand and care about their needs. Plus, it'll help you grow your network to reach your partners' customers, too.

#### **Case Study: American Express Plenti Program**

American Express has a huge partner base with companies across the country. The company's [Plenti program](http://about.americanexpress.com/news/pr/2015/plenti-announcement.aspx" \t "_blank), launched in May 2015, lets consumers pool their rewards from various retailers like Macy's, AT&T, Rite Aid, Enterprise Rent-A-Car, Hulu, and more. Plenti members earn points for shopping at these stores and redeem points at these stores by linking their existing store loyalty card to their Plenti account. For example, customers can use Plenti points they've earned from something like renting a car from Enterprise in order to pay their AT&T phone bill.

Flexibility is the biggest appeal here for customers, since points can be earned and redeemed at a variety of retailers. According to [*Fortune Magazine*](http://fortune.com/2015/03/18/macys-hulu-loyalty-program/), "For the companies, even ones like Macy's that already have huge loyalty programs, Plenti is a way to tap into the broader customer base of its partners, save on program costs, and lift sales by offering a more appealing program to customers."

Casey Winters, who was part of the GrubHub team that launched the sweepstakes in 2011,[advises in a LinkedIn post](https://www.linkedin.com/pulse/loyalty-marketing-part-ii-making-program-keeping-casey-winters), "You should strive to think of your program as constantly evolving to stay interesting to your users. This will make your program stay effective for longer as well as give you the flexibility to tweak elements to make it more interesting to you as the business. I have seen many companies stuck with a program they no longer think is effective, but too afraid to shelve it because of potential user backlash."

### **Scratch the "program" completely.**

Considering how many marketers offer loyalty programs, one innovative idea is to nix the idea of employing a program altogether. Instead, build loyalty by providing first-time users with awesome benefits, hooking them in, and offering those benefits with every purchase.

This minimalist approach works best for companies that sell unique products or services. That doesn't necessarily mean that you offer the lowest price, or the best quality, or the most convenience; instead, I’m talking about redefining a category. If your company is pioneering a new product or service, a loyalty program may not be necessary. Customers will be loyal because there are few other options as spectacular as you, and you've communicated that value from your first interaction.

For example, one of the most innovative companies on the planet implements this strategy: Apple.

#### Case Study: Apple

Even the most loyal Apple customers don’t get special rewards or discounts ... because it doesn't offer them to anybody. Apple "enchants" customers by delighting them with a product or service the very first time.

"The loyalty is voluntary and long-lasting," [explains Apple evangelist Guy Kawasaki.](http://blog.hubspot.com/blog/tabid/6307/bid/9668/5-Lessons-of-Enchantment-from-GuyKawasaki-Interview.aspx)

Apple has plenty of supporters, both online and offline, ready and willing to rave about its product. For them, loyalty happens organically.

## How to Measure the Effectiveness of Your Loyalty Program

As with any initiative you implement, there needs to be a way to [measure your marketing success](http://marketing.grader.com/?__hstc=20629287.20c045283c9d38af9f9e346ee76a9541.1453314924300.1453314924300.1453314924300.1&__hssc=20629287.1.1453314924301&__hsfp=1354995440). Customer loyalty programs should increase customer happiness and retention, and there are ways to measure these things (other than in rainbows and sunshine).

Different companies and programs call for different analytics, but here are a few of the most common metrics companies watch when rolling out loyalty programs.

### **Customer Retention Rate**

This metric is an indication of how long customers stay with you. With a successful loyalty program, this number should increase over time as the number of loyalty program members grows. [Run an A/B test](http://www.hubspot.com/an-introduction-to-ab-testing/) against program members and non-program customers to determine the overall effectiveness of the loyalty initiative. According to Fred Reichheld, author of [the Loyalty Effect](http://www.loyaltyrules.com/loyaltyrules/effect_overview.html), **a 5% increase in customer retention can lead to a 25-100% increase in profit for your company.**

### **Negative Churn**

Churn is the rate at which customers leave your company. Negative churn, therefore, is a measurement of customers who do the opposite: either they upgrade, or they purchase additional services. These help to offset the natural churn that goes on in most businesses. Depending on the nature of your business and loyalty program, especially if you opt for a tiered loyalty program, this is an important metric to track.

### **Net Promoter Score**

NPS is a customer satisfaction metric that measures, on a scale of 1-10, the degree to which people would recommend your company to others.

NPS is calculated by subtracting the percentage of detractors (customers who would not recommend your product) from percentage of promoters (customers who would recommend you).

The fewer detractors, the better. Improving your net promoter score is one way to establish benchmarks, measure customer loyalty over time, and calculate the effects of your loyalty program. **A great NPS score is over 70%,**and your loyalty program can help get you there. ([Read this blog post](http://blog.hubspot.com/marketing/nps-survey-marketing-automation) to learn how to use NPS surveys for more powerful marketing automation.)

### **Customer Effort Score**

Customer Effort Score (CES) asks customers, "How much effort did you personally have to put forth to solve a problem with the company?"

Some companies prefer this metric over NPS score because it measures actual experience rather than the emotional delight of the customer. A [Harvard Business Review study found](http://hbr.org/2010/07/stop-trying-to-delight-your-customers) that**48% of customers who had negative experiences with a company told 10 or more people.** In this way, customer service impacts both customer acquisition and customer retention. If your loyalty program addresses customer service issues, like expedited requests, personal contacts, or free shipping, this may be one way to measure its success.