

Developing Sales Customer Loyalty

Loyalty schemes can increase your sales

A loyalty scheme is one of the most straightforward and productive ways of marketing your brand.

What is a loyalty scheme?

Your existing customers are rewarded for purchasing and using your products or services, in preference to those of a competitor. From smart cards to vouchers, this is an excellent means of encouraging customer loyalty.

To get started, you need to consider:

- What are your objectives – what do you want to achieve?
- What incentive will your customers respond to? You will need to conduct some research.
- Your budget – can you deliver an incentive that your customers will find worthwhile?
- What type of purchasing behaviour do you want to encourage? What segment of customers do you want to reward?
- Can your business respond effectively to an increase in demand?

How will a loyalty scheme help my business?

- Loyalty schemes encourage repeat business and strengthen brand associations for your customers.
- Loyalty schemes lead to effective viral marketing. Loyal customers are keen to pass on their recommendations.

Are there any drawbacks?

- You may attract bargain hunters, not genuinely loyal customers.
- The right incentive is essential. A poor offer devalues customers rather than making them feel special.

What costs are involved?

You need to calculate the cost per customer compared to profits. The discount offered to customers must be less than the profit generated from their purchases. This will vary according to the circumstances of your company – the costs of loyalty schemes is very varied.

Can you measure its success?

A high take up rate indicates that the scheme is valuable to customers. You may want to try different approaches and track replies to see which is the most popular. Ultimately, you should use your original objectives to judge the success of the scheme's results.