Loyalty Programs

They're your customers. Love them. Keep them. Reward them!

How many times have you shuffled cards in your wallet only to pick the one that gives you the free miles or other rewards?

Loyalty programs are the easiest, cheapest, most effective way to **hang on** to your customers, **entice** them to increase their purchase frequencies and amounts, and **recruit** new clients. After all, it takes a lot more to **acquire** a new customer than it does to **retain** one.

Yet loyalty programs are not for everyone. They must have good **perceived value**, they must make be easy to **redeem** rewards, they must provide incentive to participate, and most of all, they must NOT be a substitute for customer service.

The field is crowded, as evidenced by the number of key tags dangling from key chains, or judging from the multiplicity of airline memberships, so it's important to have a **critical approach** to the implementation of a loyalty plan.

SegMark will work with you to determine the wisdom of implementing a program. We'll **develop** the program, **set up** the reward types and levels based on customer perceptions, **interface** the program with your existing accounting system, **enroll** your members, and **ensure** your following remains loyal.

It takes a lot more to acquire a customer than it does to retain one.

Remember:

1. *Acquiring new customers can cost five times more than retaining current customers*
2. *A 2% increase in customer retention has the same effect on profits as cutting costs by 10%*
3. *The average company loses 10% of its customers each year*
4. *A 5% reduction in customer defection rate can increase profits by up to 125%*
5. *The customer profitability rate tends to increase over the life of a retained customer*

Source: "Leading on the Edge of Chaos", Emmett C. Murphy and Mark A. Murphy

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