

Can the fickle consumer be tamed?

Consumers have an endless array of options these days, and being rewarded for loyalty is increasingly considered *status quo*. You and your own clients will probably have to go further than the “Get the 10th sandwich for free” hole-punch card. Here’s how some programs are satisfying a variety of more sophisticated appetites.

BY LISA BENNETT

In the promotional products industry, it is often assumed that client loyalty is based solely on relationships, but your clients already have friends. What they need is results.

We’ve become a society used to being rewarded for loyalty to our favorite retail store, airline, coffee shop and auto dealer. We choose our credit card companies based on points, and airline affiliations based on free tickets, and we’re even willing to drive the extra

miles for the car wash giving away a free wax on Tuesdays.

And while basic one-size-fits-all point programs are fairly easy to administer, at some point consumers simply can’t, or don’t want to, carry one more punch card in their overburdened wallets. They want something special. That’s where a creative promotional products distributor comes into play.

“WE STARTED A CLIENT LOYALTY PROGRAM FOR A LUXURY CAR COMPANY. THE AUTO COMPANY REALIZED THAT THEY WERE MORE LIKELY TO SELL HIGH-END LUXURY CARS TO REPEAT CUSTOMERS THAN TO NEW CLIENTS. SO MY CHALLENGE WAS TO FIND A REASON FOR THE CURRENT CAR OWNERS TO COME BACK INTO THE DEALERSHIP WITHOUT BREAKING THE BANK.

- Dennis Borst, Patriot Marketing Group (asi/291551)

A well-planned customer loyalty program can excite the consumer and mean incremental payoff for your client.

Driving Sales

Dennis Borst, president of Patriot Marketing Group (asi/291551) in Los Angeles, says client loyalty programs, if executed properly, can be profitable for the distributor and the end-user who will benefit from long-term repeat clients. “We started a client loyalty program for a luxury car company,” he says. “The auto company realized that they were more likely to sell high-end luxury cars to repeat customers than to new clients. So my challenge was to find a reason for the current car owners to come back into the dealership without breaking the bank. We started a program through direct mail and e-mail targeting the current owners asking them to come in and test-drive a soon-to-be-available new model. If they came in, they were able to redeem a coupon for \$200 worth of high-end promotional products.”

Items included a digital camera, an MP3 player, and travel incentive. “It was not an inexpensive program, but the dealership was willing to invest the money to keep those important consumers coming back,” Borst says.

The response to the promotion was overwhelming. People came in with their coupons and test-drove the new models and it was all downhill from there. The client exceeded their monthly sales goals by 15% to 18% based solely on the response from that program. “They were ecstatic, so we were able to build on the success of that program from there,” he says.

Borst next helped the auto dealer develop a program called the Owners Extra Club, where existing owners were given the opportunity to purchase decorated promotional products on-line. “They were able to buy them at a better price because they were members of the club, and we often bundled products together so they wouldn’t be able to compare discounted prices at retail. It became quite a status symbol to have a beach towel, Maui Jim sunglasses, or golf accessories with a logo from a high-end luxury car on it,” he says.

Borst admits that selling a client on a loyalty program takes patience and not all clients recognize the value. But once the repeat business comes in, it’s usually simple to sell a new program or build on the suc-

cess of the first. The right client loyalty program will drive revenue by keeping existing customers through thick and thin, and the results become apparent when competitors start to get aggressive. “A great client loyalty program gets consumers to buy Coca-Cola even when Pepsi’s on sale,” he says.

Baby Steps

Brian Burkholder, with General Motivation Co. Inc. (asi/204000), says successful client loyalty programs not only reward consumers, but also build relationships with brands, opening the door for future sales and new product launches. “We set up a very successful program with a baby food company,” he says.

“Consumers saved labels on the jars of baby food they bought and for the first 15 labels they sent in, we sent them a charm engraved with “Baby’s First Step” on back.”

The first charm came on a bracelet, and

consumers continued to buy the product to get additional charms to add to it. For the next 15 labels, they received another charm engraved with “Baby’s First Tooth.” The program escalated to six charms commemorating their child’s milestones. The consumers loved it because it was a personal promotion targeting women, the primary buyers of baby food, and the client loved it because it created a group of consumers devoted to their brand opening the door for new product introductions to that targeted group.

While the client had a fair share of the baby food market at the time, they wanted to build on the brand names and open the door to the introduction of other branded products. “So rather than give away their own product line, they were more interested in building client loyalty through a commemorative piece,” Burkholder says.

Versatility’s the Thing

Most client loyalty programs are designed to



entice the end-user in making retail purchasing decisions. But industry suppliers also use the model to create loyalty among distributors. Norwood Promotional Products, Inc. for example, has created a Web-based rewards program (www.norwoodrewards.com) to reward their best distributor sales reps. Currently, over 14,000 distributor representatives are signed up, according to Doug Patchin, VP of e-business for Norwood.



Each salesperson is given an identification code to use when placing orders. Rewards points are issued based on the dollar amount of the orders sent in. Distributor sales representatives can redeem those points for any number of non-Norwood products, including everything from air travel and hotel stays to cameras, coffeemakers, and sporting goods.

Guidelines for success

✦ **Harness the customer’s enthusiasm**, but make sure the project is seamless. Don’t give them a “free” gift, then turn around and charge them for shipping, handling or taxes. Make sure your costs are built in and covered.

✦ **Make clients feel special.** Stand out. Come up with a creative promotional idea that will keep them coming back.

✦ **The program must be easy** in execution and participation. If it takes a lot of work for the client to keep track of the reward, it’s no longer a reward, but a chore and a waste of your client’s money.

✦ **The reward has to have a high perceived value.** Getting a nice fleece blanket for the trunk of your car from your local car wash has a greater perceived value, and lasts longer, than a deluxe car wash and costs about the same.

✦ **Design the program to drive the consumer back** to the client. It may be easy to drop-ship the reward, but it’s more profitable if the client returns to the scene of the purchase.



“WE PROBABLY GET 10 PHONE CALLS A DAY FROM PEOPLE LOOKING FOR CLIENT LOYALTY PROGRAMS. COMPANIES HAVE FIGURED OUT THAT IT MAKES MORE SENSE SPENDING THEIR MARKETING DOLLARS DEVELOPING THEIR EXISTING CLIENT BASE, RATHER THAN CHASING NEW CLIENTS.”

**- Elliot Eskin,
Pro/Phase Marketing inc.**

“I think one reason our program has been so successful is simply the vast array of products Norwood offers its distributors,” says Patchin. “Distributor sales representatives are able to consolidate orders for several product lines, making it easier for them and allowing them to earn points at the same time.”

The Norwood rewards program is in its second full year and so far the results have been positive. “We know that this group of Norwood Rewards members is not only purchasing more often from us, but they are placing larger orders as well,” he says.

“This program not only entices our current client base to buy from us, but we are also reaching those who haven’t purchased from Norwood before.

A rewards program like this, and one that you might develop with your own clients, can have a better success rate because it offers so many products that clients are excited to get. They may be items they have wanted for a while, but were reluctant to spend the money on. And Patchin says a nice new television in the living room is remembered longer than an offer for a free set-up.

But Patchin cautions, any rewards program has to have sound support in customer service before it is launched: “With a program as large as ours, we had to make sure it was easily accessible via the Web. But we also have a group in customer service assigned to handle calls and any questions or problems that come up.”

The response to this program has been exceptionally good and you can, in turn, use it as a model for your own clients’ loyalty programs. “People come up to us at trade shows and show us the diamond earrings they redeemed or tell us about the cruises they’ve taken, all thanks to our rewards program,” Patchin says, recalling one particular client who used her rewards points to make a holiday memorable for the entire family. “We had one distributor sales rep who redeemed her points for airline miles to bring her son home for the holidays while he was serving in the Middle East. Those are the stories we like to hear.”

The Big Bonanza

Elliot Eskin, owner of Pro/Phase Marketing Inc. (www.ppmi.com), a provider of cus-



tomers loyalty programs, says these programs represent marketing nirvana right now. “We probably get 10 phone calls a day from people looking for client loyalty programs. Companies have figured out that it makes more sense spending their marketing dollar developing their existing client base, rather than chasing new clients.”

Eskin researches the current client base to see how they can increase sales within the group, either by selling up with higher-priced goods or selling additional products to the consumer. “The key to a successful client loyalty program is in rewarding and thanking the consumer for changing their behavior,” he says. “The creativity comes in when you can come up with an idea that’s affordable enough to make it last.”

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**- Amy Cilmi,
Strategic Communications Group (asi/337860)**

The best client loyalty program offers both hard and soft benefits. Eskin points to Northwest Airlines, which offers free tickets and upgrades to frequent flyers as hard benefits, but couples that with a special 800 number and express security line for their premier flyers as soft benefits. “If you can find a way to incorporate both into a program, it’s a recipe for success,” he says.

The point is to increase customer loyalty and stave off consumer attrition. You may have a group of consumers who are content with your service and won’t look elsewhere – at least for now. But are they loyal to you or have they just not found a better offer?

Amy Cilmi, VP of communication strategy for Strategic Communication Group (asi/337860), says you have to make the program easy for the consumer to use and try to tailor it to the audience. “Most consumers have no interest in a program that requires work on their part,” she says. “Successful program rewards can’t be a one-size-fits-all plan. We’ve used tool kits for mail recipients or plastic cups and magnets for a younger demographic.”

A recent challenge came from a *Fortune* 500 credit card company looking for a creative way to retain its existing client base,

made up of a very diverse group. Climi had to find a promotion that would appeal to men, women, young and old. “We targeted a mailing to our client’s existing consumer base. We sent them each a disposable camera and asked them to take a picture of themselves and send it back to us. We took the photos and made photo-card credit cards and mailed them back to the consumers who participated,” she says. “They loved getting the camera and were able to use them for personal use. The client was happy, because consumers who have credit cards with their photos on the front are much less likely to switch to another card any time an offer comes their way.”

Remember that whenever a client loyalty program is a success, it creates word-of-mouth marketing and opportunity to cross-sell additional products and services. That’s a great situation to end up in.

Lisa Bennett is a Chicago-based freelance writer.

Client loyalty: Who does it right?

❖ "Every time I go to Quiznos Subs, they punch my card and after 10 visits I get a free one. That keeps me going back to Quiznos!" - *Larry Weiler, On Time Promotions (asi/287658)*

❖ "American Airlines AAdvantage program: They were the ones who created the concept of the frequent-flyer programs for the airlines and now travelers are fiercely loyal to their favorite airline." - *Dennis Borst, Patriot Marketing Group (asi/291551)*

❖ "I am a loyal customer of Discover Card. It's free if you pay your bill every month so there's no interest charge, and on top of that, you earn

bonus points based on purchases. They tell you on each statement how much you've accumulated and you can take it in coupons to local businesses or they will credit your statement. I have another credit card, but I really only use my Discover Card." - *Nancy Russell, General Motivation Company (asi/204000)*

❖ "When I bought my Saab, they gave me a high-end key fob and I thought it was nice. But when I opened the trunk, I found a heavy-duty blanket embroidered with the dealership's logo. That was impressive!" - *Marty Durkin, The Greg Norman Collection*

❖ "I am a true shoe-hog. One of my favorite retail stores has a program where after I buy 10 pairs, I get 50% off the next pair. But the reason I like this program so much is that they take the bother out of it. They keep the discount I've earned in their computer and let me know when I've reached 10 pairs of shoes. I don't have to carry a card or remember anything." - *Janni Jensen, Innova Ideas and Services (asi/231360)*

❖ "I think the American Express Company does it right. They offer a wide range of rewards products and the program is easy to use." - *Doug Patchin, Norwood*

