



Loyalty has its rewards: Customer Incentive Programs

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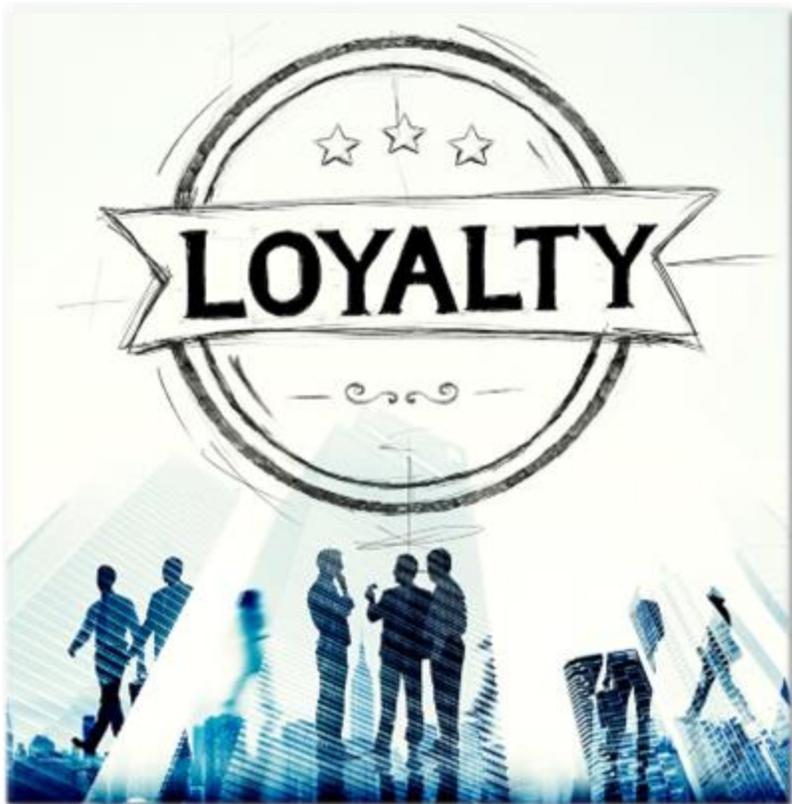
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WHAT YOU'LL LEARN

- Why customer loyalty is so important
- Cost of acquiring new customers
- Steps to creating loyal customers
- Benefits of reward programs for customers
- Benefits of reward programs for stores
- Benefits of instant reward coupons
- Loyalty programs currently supported by Paladin
- Simplifying the loyalty program selection process

Why customer loyalty is so important



- Over the past three years shoppers have become more transient:
 - 35% tried a new brand
 - 77% changed the way they shop
- Studies show that existing customers:
 - Are 50% more likely to try new products
 - Spend 31% more than new customers
- Increasing customer retention rates by 5% increase profits by 25% to 95%.

Sources: Harvard Business Review, McKinsey & Company, Investp

Why customer loyalty is so important (cont'd)



- Loyal customers stay loyal.
 - 81% of consumers seek to form a relationship with a brand or business.
- Referred customers:
 - Are 18% more loyal than those acquired by other means.
 - Have a 16% higher lifetime value.
 - Have a 13.2% higher spending rate.
- Loyal customers:
 - Spend 200% more than random customers.
 - Have a 25% higher profit margin.

Cost of acquiring new customers

Customer Acquisition Cost (CAC)

$$\text{CAC} = \frac{\text{Marketing Expense} + \text{Marketing Staff Expense} + \text{Sales Staff Expense}}{\text{Number of New Customers}}$$

Where:

- **Marketing Expense** includes media, agency fees, freelancers & other promotional expenses.
- **Marketing Staff Expense** includes relevant salaries & overhead
- **Total Sales Staff Expense** includes relevant salaries & overhead

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- It can cost four to five times more to acquire a new customer than it does to retain an existing one.
- Over the past five years new customer acquisition costs have increased by almost 50%.

Steps to creating loyal customers



- Friendly and helpful customer service.
- Clean and well-organized environment.
- Serve both depth and breadth of product.
- Make purchase history available to customers.
- Offer a customer incentive (rewards) program.
- Implement a customer nurturing campaign.
- Implement customer surveys – NPS (Net Promotor Score) program.
- Start a social media buzz.

Benefits of a rewards program for customers



SHOP



EARN



REDEEM

- They feel connected and a sense of belonging.
- Improves their shopping experience.
- Provides added conveniences like:
 - Historical purchase lookups
 - Instant coupons
 - Custom sales and promotions
 - Acknowledgments for being a loyal customer
- Customers can cash in on special offers.

Benefits of a rewards program for stores



- Improves chances of increased store visits and greater ticket amounts.
- Loyal customers are more likely to participate in up-sale opportunities, which lead to higher profit margins.
- Easier to collect customer information for direct mail campaigns.
- Allows stores to track loyal customer purchases and conduct targeted marketing campaigns.
- More likely to gain more new customers through loyal customer referrals.

Benefits of instant reward coupons



- Simple, hassle-free experience
- No waiting for a mailed rebate
- No signing rebate check
- No paying for postage on a mail-in rebate form
- No risk of rebate getting lost
- Instant gratification

Loyalty programs currently supported by Paladin



Simplifying the loyalty program selection process



- Rewards programs come in all different shapes and sizes.
- Loyalty programs can offer features like:
 - Incentives for signing up new customers
 - Instant rewards at checkout
 - Connection to your primary hardware supplier
 - Special offers limited to rewards customers
 - Tracking sales and invoice reprints
- Turn customer information into customer intimacy.

Learn More

To learn more, see the following resources in our [Help Portal](#)

1. [Building your customer base with RepeatRewards](#)
2. [Grow your business with True Value Rewards](#)
3. [Do It Best: Grow your business with Do It Best Rewards](#)
4. [FanBuilder: Orgill's rewards/loyalty program](#)
5. [Rich Rewards](#)
6. [Increase loyalty program enrollment with the Sign-Up button](#)

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