Loyalty programs: The myths, the risks, and the key to ROI

Teaser Video Transcript

Financial Impact of Loyalty Programs

Brands fall into the loyalty incentive trap. And So what they do is they sell their brand initially.

And to get that first visit from a customer, you need to sell your brand based on the experience. So whether you're retail or hospitality or whatever, whatever you are, you're selling based on the brand experience, on the product, on the pricing, on service, everything about the product that makes it great, makes it fit a specific need for a customer. And then you get them into your loyalty program and you start to analyze their behavior. And then you start to see this variability. And brands do it over and over and they see its variability and they view it as lapsing like, so the customer that came thirteen times and disappeared must have done something wrong.

And that's when the discounting begins. And so what's really interesting is that, and this is where the brand can be hurt by, you know, devaluing the brand, making it cheaper and not understanding how to make it compelling to the customer. So we brands desire this consistent behavior. Customers don't give it to them. And so then they, they brands try to compensate by incenting the behavior that they're looking for. And this not only causes problems with the brand, but I think this is where when Jill was talking earlier, the some of the financial liabilities come into it.