

Loyalty programs: Ensure your customers return

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Hello, I'm Arseniy

scandiweb

CRO/UX Strategist

Customer experience strategy, CX audits, A/B testing



BSc in Economics & Business

Specialization: Retail

Background

Technology startups, ideation and problem solving
facilitation, process optimization

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**OUR LOYALTY
PROGRAMS WEBINAR**

OTHER COMPANY

YOUR CUSTOMER

YOU



My goals for you




#1

Understand that loyalty program is a **powerful tool** for enabling your audience

#2

Realize that an effective loyalty program increasingly **connects with the broader user journey and business processes**



#3

Get **useful insights about starting a loyalty program or stepping it up** in a structured manner

Agenda

1. Defining customer loyalty (program)
2. Measuring success
3. Building: start, grow and excel

+ Bonus



1. **Defining** customer loyalty (program)



“

Customer loyalty – the act of choosing one company's products and services consistently over its competitors.

As neatly put by: [Nice Reply](#)

**OUR LOYALTY
PROGRAMS WEBINAR**



YOU

YOUR CUSTOMER

OTHER COMPANY



What impacts customer loyalty to a brand 



**Availability of
great deals**

**Personalized
experience**

Trust

Customer service

**Authenticity/humane
interaction**

What customers expect from **loyalty programs**

Experience

Personalized experience > low prices

Transparency

Clarity on how the rewards are earned, what the progress towards them is and how to redeem them

Flexibility

Different channels, redemption options, level of participation in the program, and data sharing and use.

Source: [Incisiv](#) (2022)



Types of loyalty programs



Points- based

Tiered

Paid

Value-based

Get your favorites for free

25★

50★

150★

200★

400★



Select merchandise or at-home coffee

Take home a signature cup, a bag of coffee or your choice of select coffee accessories.

Your Rewards

There are 5 Access tiers: Bronze, Silver, Gold, Platinum and Private Client.

BRONZE

SILVER

GOLD

PLATINUM

PRIVATE CLIENT



Make just one purchase



WELCOME REWARD

Enjoy a limited-time promotion
when you join



BIRTHDAY REWARD

Celebrate your birthday month with
a special discount



PRIVATE MEMBERS' SALE

Enjoy exclusive entry to our private
sale featuring the world's best
brands

Start enjoying today - my Prime benefits include:

FREE Premium Shipping

Just with Prime

Prime Video

Amazon Music



Same-Day (on qualifying orders above EUR 20 and
in exclusive German metropolitan areas)

EUR 0

Premium Shipping

EUR 0

Standard Shipping

EUR 0

Fast and free delivery

Super-fast shipping and flexible delivery options to fit your life. Get your order with Premium Shipping.

[Explore Prime Delivery ▶](#)

CHARITIES

COLLECT POINTS, CHANGE THE WORLD. MAKE A DIFFERENCE.

We see business as a force for good, we enhance the Earth's natural biodiversity, nurturing nature and empowering people, but we couldn't do any of it without you. That's why as a Love Your Body™ Club member, you have the choice to donate your rewards to one of our partner charities below. Doing good has never felt so good.



How loyalty programs work

Rewards → **Users are motivated
for repeated
purchases** → **Sales improve**

“



Loyalty program is the most efficient way to increase purchase frequency



80%

of companies in North America offering a loyalty program plan to significantly increase their investment in customer loyalty over the next three years.

73%

of US loyalty program members more likely to recommend brands with good loyalty programs.

71%

of consumers who are members of loyalty programs say membership is a meaningful part of their relationships with brands.

90%

of loyalty program owners in North America who measure ROI of campaigns reported a positive 90% ROI

71%

of US loyalty program members spend more money to maximize points earnings.

64%

of companies in North America are satisfied and their existing rewards program contributes to sales, delivers great ROI, and is popular among consumers.



“

3.5x

more transactions per member if a loyalty program is being run

Source: [Comarch](#) (2022)

60%

higher likelihood of users spending on the brand if the loyalty program is paid (vs 30% higher likelihood for free programs)

Source: [McKinsey](#) (2020)

44%

of consumers say they are interested in receiving loyalty rewards in the form of cryptocurrencies.

Source: [Forbes](#) (2021)



Trends for loyalty programs in 2023



**Strategic
partnerships**

**Card linking for
richer data**

**Supporting ESG
causes**



2. **Measuring** success

Program KPIs



ROI

= Revenue / Cost

Benchmark: 4.9x

Adoption rate

= Revenue attributable to loyalty program / Total Revenue

Benchmark: 44.8%



Redemption rate

= Total Points Spent/Total Points Issued

Benchmark: 48.6%

Sources: [Antavo](#) (2022), [Cheetah Digital](#) (2022)

Program KPIs



Repeat purchase rate

= Repeat customers/total buying customers

Benchmark: 20-40%

Customer Lifetime Value

= Total spend by a member throughout their history with you



Sources: [Antavo](#) (2022), [Cheetah Digital](#) (2022), [Epsilon](#) (2022)



Overall success KPIs

- **Net promoter score (NPS)** - helps understand the likelihood of a customer referring your services to others
- **Customer loyalty index (CLI)** - standardized measure of customer loyalty over time that measures customer intention versus actual behavior
- **Customer effort score (CES)** - measures the effort required of your customers to solve an issue or purchase/return a product
- **Repeat customer rate** - how many customers are willing to make a second purchase from you
- **Repeat Customer Rate** = $\frac{\text{\# of Customers That Purchased More Than Once}}{\text{\# Unique Customers}}$
- **Purchase frequency** - how often customers make repeat purchases
 $\text{Purchase Frequency} = \frac{\text{\# of Orders Placed}}{\text{\# Unique Customers}}$
- **Average order value (AOV)** = $\frac{\text{Total Sales}}{\text{Order Count}}$

Well-designed loyalty programs

**Let's have a look at some
examples**



LOYALTY PROGRAMS - EXAMPLES

Sephora's Beauty Insider

Customers earn rewards for each purchase based on a traditional point system. The innovative part is that members can choose how to use their reward points.

Beauty Insider members can redeem their rewards points for things like gift cards and discounts, helping to offset purchase prices without devaluing the products. Loyalty members can also redeem points for more exclusive things, like limited edition products or in-store beauty tutorials.


Giving loyalty members the flexibility to choose enables Sephora to offer customers the deals and products they really want without cheapening the perceived value of their products.

25m

Members

80%

Of sales are made by
members



2021 Beauty Insider Benefits

All members earn 1 point per \$1 spent.

	INSIDER Free to join	VIB Spend \$350	ROUGE Spend \$1000
Savings			
Beauty Insider Cash> <small>Apply 500 points for \$10 off your purchase</small>	•	•	•
Seasonal Savings Events>	10% off	15% off	20% off
Free Standard Shipping>	\$50 min.	\$35 min.	No min.
Dollar Savings Offer>	\$15 off	\$20 off	\$25 off
Points for Discount Events>	•	•	•
Rouge Reward> <small>Exchange 2500 points for \$100 off your purchase</small>			•
Samples			
Free Birthday Gift>	•	•	•

Source: [Shopify](#) (2022)

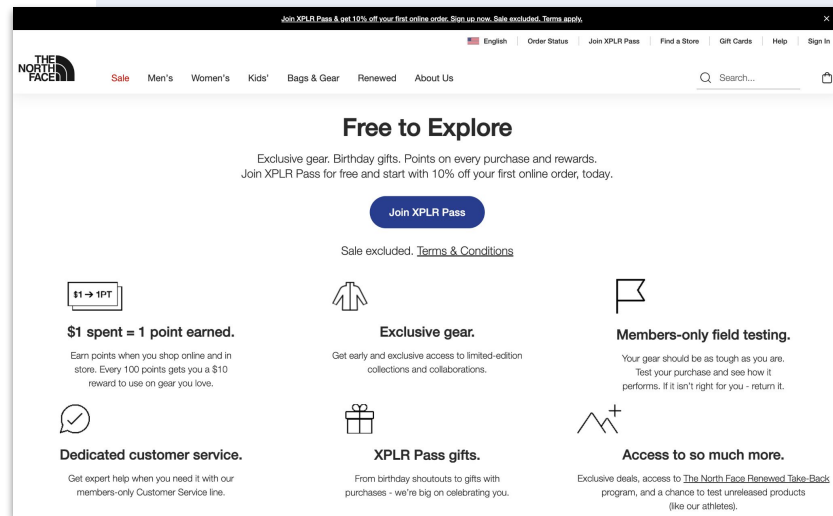
LOYALTY PROGRAMS - EXAMPLES

North Face's XPLR Pass

Customers earn points in the traditional way on every purchase, and in some unique ways, like attending The North Face exclusive events, checking in at certain locations, and downloading The North Face app. When it comes time to redeem rewards, customers can use points toward unique travel experiences, like a mountain climbing adventure in Nepal.

“

They aren't generic discounts on products—they're curated experiences that help to build a stronger emotional connection between consumer and brand.



Source: Shopify (2022)

LOYALTY PROGRAMS - EXAMPLES

Farfetch's Access program

Customers can join the Access loyalty program in just three easy steps:

1. Creating an account and providing basic personal data.
2. Purchasing the first item. Then, customers are automatically enrolled in Access, and the amount they spend determines the tier they start on.
3. Becoming a member and finally getting access to various membership benefits and rewards.

The loyalty program restarts every 12 months and based on customer purchases, they either upgrade or downgrade. Now, customers are divided into five tiers according to their spending, which are:

Easy to join

Tiers tailored to customer segments

The image displays the Farfetch Access program onboarding flow and a mobile app interface. The top section, titled 'WELCOME TO FARFETCH ACCESS', features the heading 'YOUR REWARDS START HERE...' and a 'Shop Now' button. It explains that customers start with one purchase and can unlock exclusive rewards like early sale access, priority customer care, unlimited free shipping, and a dedicated personal stylist. Below this, a 'How to join' section outlines three steps: 1. CREATE AN ACCOUNT (Sign up to get started), 2. YOUR FIRST PURCHASE (Automatic enrollment after the first purchase), and 3. ENJOY YOUR REWARDS (12-month loyalty year restart). A 'How it works' section details the tier system based on spending thresholds. The bottom part shows a mobile app screen for 'My Loyalty Programme' where a user named Emma is at the 'ACCESS Bronze' tier. A progress bar shows her current spend of 0€, with thresholds for Pending (422€) and To Upgrade (778€). A legend at the bottom identifies the five tiers: Bronze, Silver, Gold, Platinum, and Private Client.

WELCOME TO FARFETCH ACCESS

YOUR REWARDS START HERE...

Start with just one purchase on FARFETCH to join our loyalty program, Access.

Every piece you buy takes you one step closer to unlocking exclusive rewards... from early sale access and priority customer care to unlimited free shipping and a dedicated personal stylist. Access will always give you more to make your shopping experience better.

[Shop Now](#)

How to join

In 3 easy steps, you can enjoy everything Access has to offer.

Depending on your spend, you'll benefit from one of our five tiers: Bronze, Silver, Gold, Platinum or Private Client.

1 step

CREATE AN ACCOUNT
Sign up to get started.

2 step

YOUR FIRST PURCHASE
You'll be automatically enrolled onto Access after your first purchase. The amount you spend defines the tier you start on.

3 step

ENJOY YOUR REWARDS
Your loyalty year will restart every 12 months where you'll be upgraded or downgraded depending on your spend.

How it works

You'll be enrolled onto Access after your first purchase. The amount you spend defines the tier you start on. Your loyalty year restarts every 12 months but during this time you can upgrade and enjoy even more rewards.

If you meet the spend threshold for your tier during that period, your rewards will be extended for another year. If you exceed the spend threshold, we'll upgrade you to the next tier. If you don't meet the spend threshold, you'll drop down a tier.

See our five tiers below.

Bronze Silver Gold Platinum Private Client

9:41

My Loyalty Programme

ACCESS **Bronze**
Emma, this is your progress so far

Current 0€

Pending 422€

To Upgrade 778€

What does this mean? ▾

Source: [Open Loyalty](#) (2022)

LOYALTY PROGRAMS - EXAMPLES

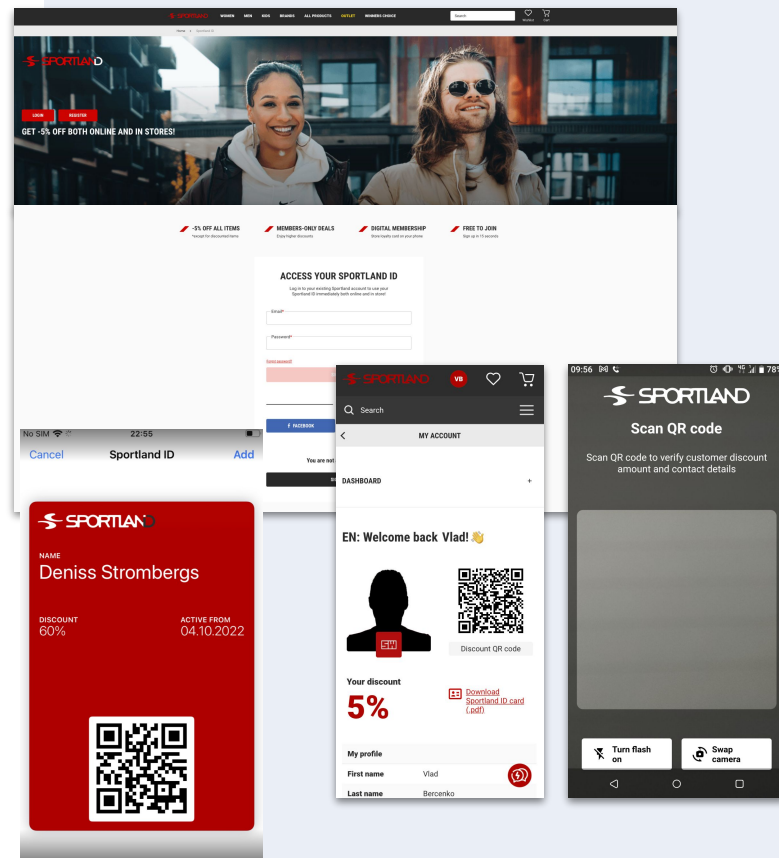
Sportland's Digital loyalty card

SportlandID members get a permanent discount and exclusive deals via a convenient functionality integrated with My Account.

Download/add
to Apple Wallet

Use both online
and in store

No need for a
physical card





3. **Building:** start, grow and excel



Best practices



**Make it easy to
join & use**

**Have simple
rules**

**Tailor to the
target customer**



**Utilize the data
to improve the
offering**








Best practices




**Offer a choice in
selecting rewards**

**Learn and adapt to
changing needs**

**Utilize
partnerships**



You need a comprehensive framework for
starting/developing your loyalty program



**From basic
program
offering**

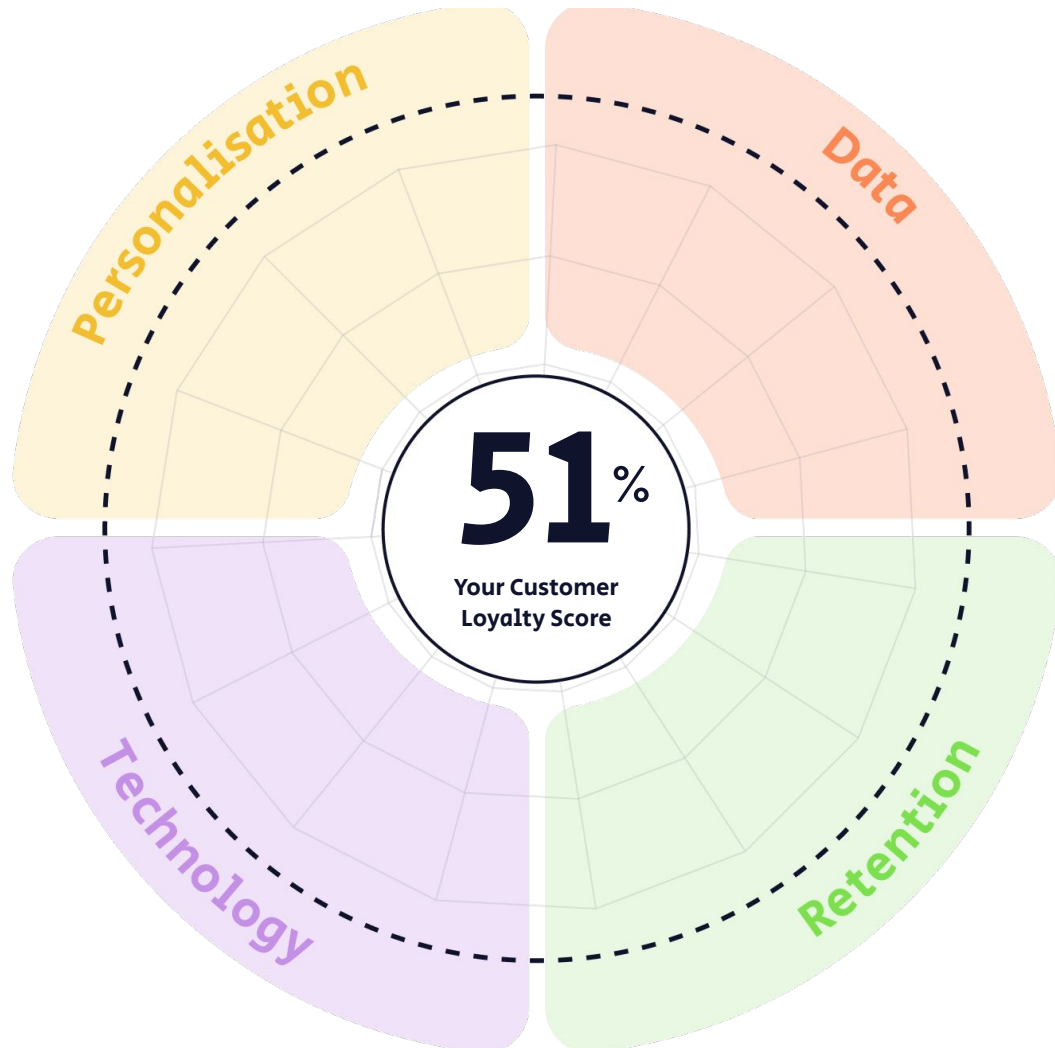


**To a fully
integrated
platform**

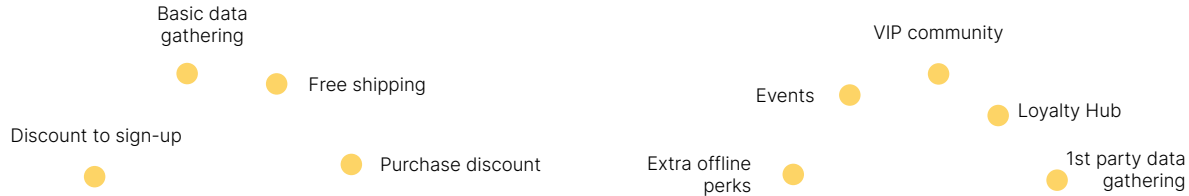
scandiweb loyalty accelerator

Your loyalty program assessment





At what stage is your loyalty program?



Reshape your loyalty program in 30 days with scandiweb



1. Benchmark your program

We'll benchmark your current loyalty program to see where it stands.

2. Fill in the gaps

We'll help you develop a new loyalty strategy or specific improvements, including full tech setup.



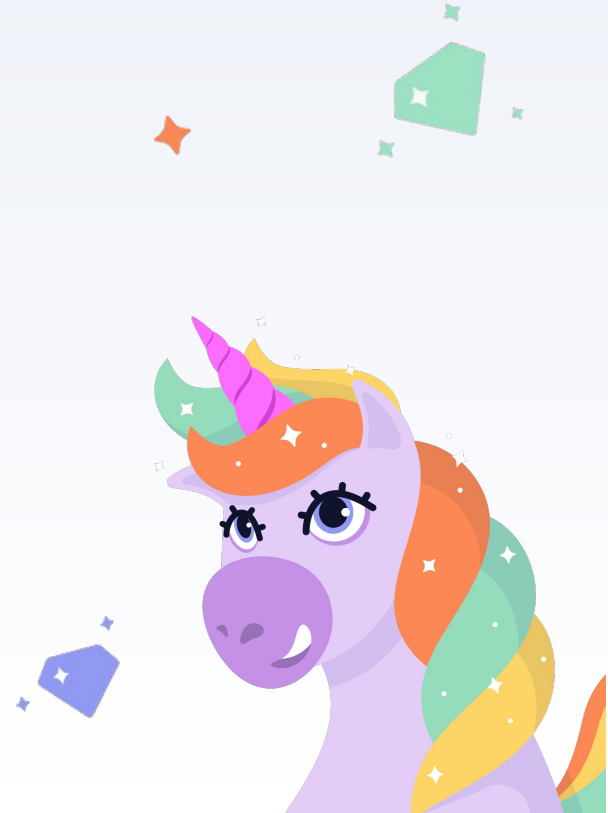
3. Measure Customer Lifetime Value increase

We guarantee positive CLV trend after new loyalty program implementation.



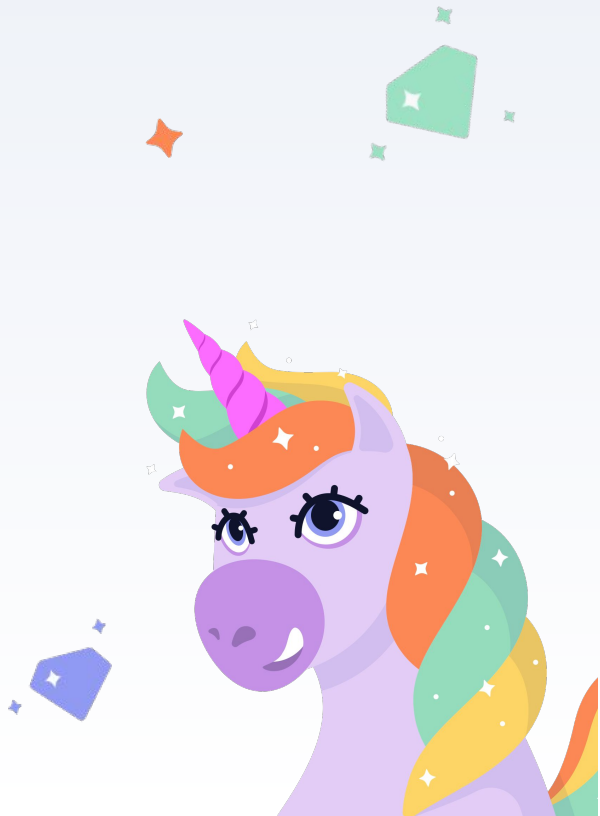
BONUS

**Free assessment of your loyalty program
state for the first 2 people to reach out
to: arsenijs.sergejevs@scandiweb.com**



LOYALTY PROGRAMS

Thank you!
It's Q&A time



NEXT UP

Join our next webinar!

scandiweb

FREE WEBINAR

HOW TO SEO IN 2023

February 23, 6:00 PM EET



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RODE**

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VANAGS**

SEO Specialist



Let's achieve goals together!

Thank you!



arsenijs@scandiweb.com



glebs@scandiweb.com

scandiweb