

Engaged for Life: The Golden Moment

Ben Ashwell, Sales and Marketing Manager, Loylogic

Following their first redemption, customer earn rates can increase by 8 times when compared to their previous accrual patterns. Loyalty programs therefore need to find ways to ensure this first redemption can happen as early as possible in the customer-life-cycle.



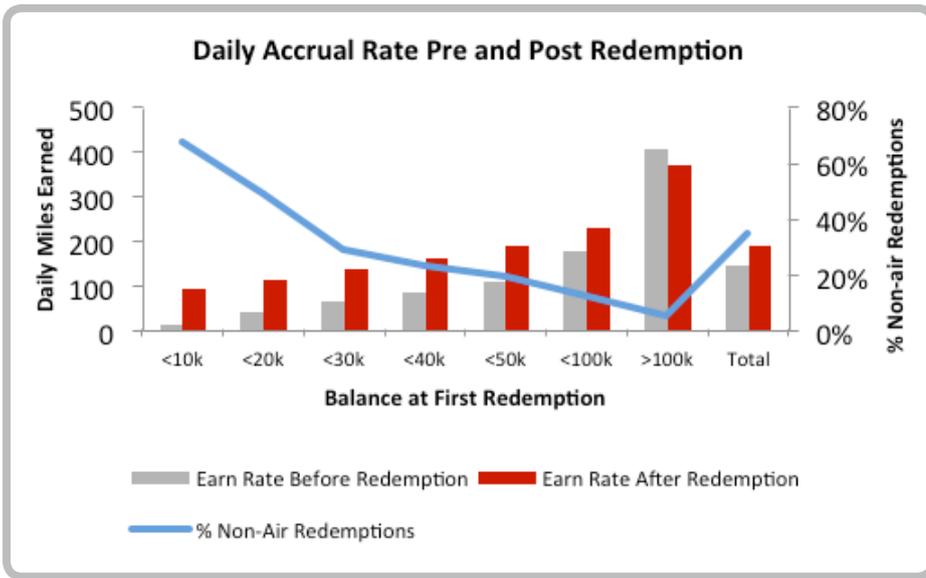
The day you get engaged is an exciting one. Months or years of waiting by one party, confounded by weeks of angst and anticipation by the other culminate in a time of excitement; embracing change and looking forward to a bright future beside someone else. What follows is a period of organization, of planning, of panic, a quest for perfection and a mission to find the funds. While the moment of marriage comes sooner or later for most of us, the period of engagement with your loyalty program can start early, and last a lifetime.

The day a consumer makes their first redemption with their loyalty program is the day they truly register their engagement. The consumer will have browsed their redemption options, sought the best value, or found something that their currency simply could not buy. They will have either channelled their business to their program to earn points and reach their target, or checked their catalogue to be pleasantly surprised that their balance has already achieved a reward they desire. I call this experience of a first redemption in the customer lifecycle 'the Golden Moment.' The best part: once a customer has had their first Golden Moment, they're much more likely to come back for many more; and no program owner is going to begrudge them for getting engaged time and time again.

Customers who have made a redemption are on average 8 times as valuable as those who don't. This can be measured in many ways: with the spend uplift in financial and retail programs; or the number of flight bookings or room reservations with air and hotel programs; or the reduction in the period until the subsequent redemption and the positive word of mouth and consumer advertising that takes place to name just a few. In fact, consumers who have experienced a Golden Moment increase their program accrual rate on average by 30%: a figure that is even higher among consumers redeeming 10,000 points or less. These figures represent a significant increase in engagement, accrual and consequently program profit by a segment of consumers that have already taken the time to enrol into a program: a highly attractive and lucrative segment in itself.

Customers who have made a redemption are on average 8 times as valuable as those who don't. This can be measured in many ways: with the spend uplift in financial and retail programs; or the number of flight bookings or room reservations with air and hotel programs; or the reduction in the period until the subsequent redemption and the positive word of mouth and consumer advertising that takes place to name just a few.

In fact, consumers who have experienced a Golden Moment increase their program accrual rate on average by 30%: a figure that is even higher among consumers redeeming 10,000 points or less. These figures represent a significant increase in engagement, accrual and consequently program profit by a segment of consumers that have already taken the time to enrol into a program: a highly attractive and lucrative segment in itself.



- Earn rates are significantly higher for customers who have made a redemption
- Non-air options trigger earlier redemption for customers with lower balances, driving earlier engagement and loyalty

So the Golden Moment is more than just redemption: it is the true point of engagement by the top tier customers who represent the most lucrative segment of some of the best yielding industries in the consumer marketplace. These are the consumers that will offer the greatest contribution to a successful loyalty program. They will drive the profits to the company shareholders and can ensure a loyalty program directly contributes to, rather than drains, the company revenue. The goal of every loyalty program should be to encourage the Golden Moment and to ensure every customer redeems as early in their lifecycle as possible. Here are 4 tips to make this happen.

1. Maximize Redemption Options

Redemption options should be diverse both in terms of their categorization and their cost. Merchandise redemptions offer the most effective way to create a catalogue relevant to customers with fewer points: which increases the number of your members that can achieve a Golden Moment, but also the number of Golden Moments they can reach and how soon they can be reached. Merchandise offers an excellent complement to core program rewards (such as flights to an airline program or room nights to a hotel program) and open the doors of engagement to a much broader customer segment.

2. Every Customer Counts

It is easy for programs to focus on their largest geographic segments, but as ecommerce increases its stronghold on consumer spending and cross-border trading restrictions decrease, customers reside everywhere across the globe. For travel programs, those customers outside of 'hub' zones will often travel further and therefore offer higher value transactions; and in the financial segment, reaching customers in developing markets are often the customers with greater wealth. A successful loyalty program can not afford to miss any customers: so a consistent global offering is essential to make every customer count.

3. Allow Flexible Targets

Your customers will have different levels of spend available to invest in their loyalty, and consequently into your program. To ensure their Golden Moment is made with your program, make their targets exciting, but achievable. Use the broad reward selection that is available to all your global customers and provide points-plus-cash tools that allow their points to contribute to the value of a product, or to give them a discount from the total price. The Golden Moment is the point of redemption, where value is sustained from their investment: so contributions towards an aspirational item will ensure they enter the realms of the engaged customer.

4. Ensure Optimal Value

There is always temptation to increase the cost of the rewards to the customer to increase the revenue to a program. Loyalty program customers are value-savvy. As the program owner you must strive for the best value for customers. Failing to do this can jeopardize that your customer will ever see the value in reaching their Golden Moment, and if they do get there, they are much less likely to repeat it. The benefits from investing in a loyalty program are clear: but compromising the value to the member you are trying to incentivize is a cannibalization of your own investment. Be confident that optimal value and investment will pay dividends to your program success.

Getting engaged should be exciting and can be easy. In fact, those loyalty programs which recognize that effective member engagement drives profitability and therefore give their customers every opportunity to redeem, deliver sooner the prized Golden Moment. Once they have reached this milestone, your members will be 8 times more likely to aspire to achieve it again, which means they are 8 times more likely to be an loyal and engaged customer; leading to a lifetime of engaged happiness together. And, after all, who doesn't like a happy ending!