

Optimize your Loyalty Rewards: Learn What to Keep and What to Cut

An Ipsos Minute with Jeff Repace, Senior Vice President, Ipsos Loyalty

Discounts. Points. Gifts... Do your customers cash in their loyalty rewards, or are they stuck somewhere in a drawer? The lack of real value can be a key barrier to success. Don't waste your loyalty incentive dollars – keep what's captivating your customers – and cut what's not.

Don't know which is which? Jeff Repace from Ipsos Loyalty discusses common pitfalls and concerns of loyalty programs, and how Ipsos Rewards Optimizer can help.

Q. Ipsos Loyalty recently launched Rewards Optimizer, a tool designed to help organizations get the most out of their loyalty programs. How does it work?

Jeff: Our solution is a two-pronged approach, designed to craft a personalized, ideal loyalty program, tailored to our customers' needs and business. We use both qualitative and quantitative research techniques to help our clients to identify the elements comprising an ideal rewards program. To get it right, we go directly to consumers, collecting input through face to face discussion during focus groups. We then prioritize these elements through quantitative surveys, using consumer choice modeling. Our structured approach properly identifies which program elements are making an impact and are

essential to the offer, allowing companies to craft the best program possible. We find that all too often, companies feel compelled to provide as many benefits as possible to customers enrolled in their loyalty programs – a strategy that seems like

a good idea, but in reality, creates a lot of waste. Typically, there are only a handful of core program elements that are critical to your customers – but of course you need to know what they are.

Once we learn more about a loyalty program, we can understand its impact: how well it retains existing business, gains incremental business, and draws in prospective customers. If a program isn't doing all three of these things, then it is not firing on all cylinders.

Q. Can you provide a few specific, yet typical, client concerns that this solution can address?

Jeff: Many of our clients want to better understand how their customers actually view and value their loyalty program. Our solution explores the customer perspective – we can uncover how well customers understand a loyalty offer,

if they deem it credible, if they see obstacles to enrolling, and if the rewards offered seem attainable or worth their time. Many of our clients also need help deciding how customer fees should or can be applied.

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We often help to either modify existing programs or create new programs from scratch. Our clients have come to us with a list of anywhere from 10–30 distinct consumer benefits. Our goal is to help them understand which of these are or will be most important to their customers, as well as understand what the optimal combination of benefits is for different target markets.

Additionally, we help our clients recognize challenges in communicating or marketing the program once it's in place. A loyalty program won't do any good if no one knows about it or understands its benefits.

Q. Can you provide a case study where the insights led to bottom-line results?

Jeff: Recently, we helped a client streamline their loyalty offer. It saved them money and simplified their program delivery. We carefully whittled down 40 benefits down to 25 – with no adverse impact on their customer base.

In another recent scenario, we helped a client launch a new retail rewards program by identifying which program elements were absolutely critical. This allowed the client to put those elements “front and center” when they went to market, which maximized program enrollment.

Q. What sort of data deliverables can the client expect to receive?

Jeff: Our clients receive summary reports from both the qualitative and quantitative phases of program. Of particular value is the market simulator we deliver to our clients. The market simulator permits them to test out their own customized combinations of program elements and forecast consumer response.

Q. Do you have any final words or advice for company-managed loyalty Programs?

Jeff: I would say that even if you are a company that has been offering loyalty programs for some time, it pays to undertake a current assessment of your market. Consumer behaviors, needs, wants and expectations change rapidly and your program should reflect that.

You need to make sure that you are getting the most out of your program for your investment. And, for those companies who are new to loyalty programs, rather than offer up a “me too” approach, it is better to take the time to come up with a unique package of benefits that will set your program apart from the pack.

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