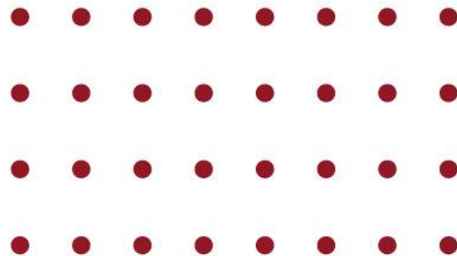


Consumer Experience
in the Digital
Environment

Online Loyalty Programmes Unit 13





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- Point-based
- Tiered
- Perks
- Subscription-based
- Hybrid-type loyalty programs

Types of Customer Loyalty Programs

1. Point System

The point system is among the easiest types of loyalty programs. The customer must pay upfront to acquire the points or tokens, which they can later use to exchange for gifts, products, or discounts.

For firms whose profit is dependent entirely on inexpensive and frequent purchases, this strategy is simple to set up and run. It comes as no surprise that Internet retailers frequently provide this kind of reward program. The loyalty program for Starbucks mentioned above is an excellent illustration of the current point system.



FREE COFFEE IS A TAP AWAY

Join now to start earning Rewards.

Join now

Or join in the app for the best experience



Types of Customer Loyalty Programs

2 Tier System

The tier system, which rewards clients for their brand loyalty, is another popular type. They can move up the ranks by making ever more purchases. This is intended to be used by consumers who sometimes or routinely make large purchases.

The objective of this strategy is to retain consumers for future advantages. Businesses must introduce a modest base reward for signing up for the program and make it not too challenging to advance through tiers to prevent early program abandonment.

Sephora's Beauty Insider is one of the most well-known loyalty programs when it comes to tier structure.

When a consumer signs up for a free account, they start to receive rewards straight away, which encourages them to stick around and keep spending.

They can then advance to higher tiers, such as VIB or Rouge rank, where there are better and more desirable rewards, after spending a set amount of money.



Types of Customer Loyalty Programs

3. Premium Loyalty Program (Paid/ Subscription Loyalty Program)

Several businesses have this VIP program, and clients must pay a membership fee to participate. When you are a member of the circle, you receive "immediate" advantages including access to special gifts, savings, and even premium events. This fosters a feeling of quick satisfaction and improves the relationship with clients.

Consumers who are willing to pay are those who can afford the upfront price because not everyone can. This indicates that they are valuable customers who need to be monitored and catered to by firms. Also, "paid loyalty programs will drive consumers back to your business." ([McKinsey & Co, 2020](#)).



Premium Loyalty Program (Paid/ Subscription Loyalty Program)

With Amazon Prime you may join to receive VIP services like free shipping, discounts, or access to even more advantages.



Types of Customer Loyalty Programs

4. Universal loyalty programs

A modern twist on the traditional loyalty program is the universal loyalty program. They provide the customary benefits of loyalty programs, including:

- Free shipping
- Member-only discounts
- Discounts applied to every order

Articles in this section**What is FLX Rewards?**

How do I join FLX Rewards?

I signed up for a Foot Locker account. Do I need

What is FLX Rewards?

FLX Rewards is our free membership program where you can earn points to redeem for exclusive rewards, get free shipping, a special birthday offer, and more! The more you shop at Champs Sports, Foot Locker, and Kids Foot Locker, the more points you earn.

FLX Rewards is open to customers who are at least 13 years old, have a valid email address and mobile number, and live in the United States.

FLX Membership



Members get:



FREE STANDARD SHIPPING



XPOINTS FOR EVERY PURCHASE



EXCLUSIVE PRIZES AND REWARDS

Importance of e-Commerce Loyalty Program for Your Business

1. Increase Customer Retention

The majority of consumers enjoy receiving rewards for making more purchases. Furthermore, if a company offers a top-notch loyalty program, customers are more inclined to make repeated trips to the same store.

Because they like the idea of earning incentives, these programs may encourage people to buy what they desire more frequently. Consumers are more likely to stick with your business and deter switching to a rival if they accrue points or move up a tier.

Importance of e-Commerce Loyalty Program for Your Business

2. Boost Your Sales

Another point, closely related to the previous one, is that customers who stick with a particular brand are more likely to make additional purchases from that same brand. The majority of a company's revenue is also closely related to how many repeat clients it has. Hence, your profit and sales increase in proportion to each customer that your brand can retain.

Importance of e-Commerce Loyalty Program for Your Business

3. Optimized Marketing Strategy

Your e-Commerce company can develop material or initiatives that immediately appeal to them if you have devoted customers. You can gather their information and preferences and create customized rewards or promotions that will have the biggest impact and increase sales.

How to Set up an e-Commerce Loyalty Program for Your Business



LOYALTY

BARCELONA | MADRID | MALTA | ONLINE

1. Determine Your Loyalty Program Type

You can choose from a variety of program types, as was already mentioned. You should make sure you select the best fit for your company because your business model could not fit all of them.

If you haven't made up your mind yet, you should at least try out the dominant categories and samples of applications listed above.

A good program should also be closely related to your business and best reflect your beliefs, not just the one that offers the biggest rewards.



2. Develop An Omnichannel System For Your Target Audience

Bad customer experience is a risk that most organizations just cannot take, especially for new consumers. Since that buyers have a wide range of brands to pick from, first impressions are even more crucial now.

You must therefore develop a user-friendly, cross-channel platform that is cozy and practical for your clients. Designing a user experience that is clear and responsive that enables customers to subscribe or redeem rewards quickly and easily is one method to do this.

3. Introduce Premium Services for a Fee

If your program offers any VIP benefits in addition to the regular prizes, you must implement a premium service. It's the only method to pay for the incurred costs.

While the majority of loyalty programs with an emphasis on VIPs demand an annual subscription, this enables members to skip barriers to entry for exclusive bargains and incredibly alluring prizes.

4. Market Your Loyalty Program

Personalization is one of the most important aspects of promoting your rewards program. By making sure that all of your customers are involved and feel like they are a part of your business, you may be able to raise your engagement rates.

People will find it easier to connect with your products or services on a personal level thanks to personalization in emails and online landing pages, which will encourage them to visit physical and/or online stores again.

5. Keep Track of the Performance of Your Loyalty Program

Analyzing your program's success rate is essentially priceless. If the tracking formula for your loyalty program is missing, you should redesign it from scratch.

Analytical tools can be used to examine the corresponding metrics.

An effective loyalty program that actively involves customers can boost retention rates and increase the number of brand evangelists who will stick with you.



Thank You