

A Branders Publication

Brand-based customer loyalty – Ten criteria for success, one shared basis: the brand

From customer magazines to customer cards to exclusive customer events, loyalty programs are a popular tool. And such programs are currently experiencing a revival, especially in economically difficult times. The following article illustrates the rationale behind the resurgence and explains why synchronization with the brand strategy is one of the most imperative criteria for success.

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identity works

The aim of every customer loyalty instrument is to increase consumer allegiance, meaning tying customers to the company and its products or services for the long term. Maintaining and solidifying existing customer relationships is of utmost importance, even in – or precisely because of – difficult economic times.

But customer loyalty programs backed by substantial investments frequently produce relatively sobering results. Such a scenario begs the question: what is the recipe for success when it comes to such programs? How can customer loyalty tools be used effectively? From the perspective of both customers and companies, there are several concrete and tangible success criteria that can be employed. One of the most fundamental factors for success is alignment with the brand strategy, especially because it fulfils numerous subsequent success criteria.

Brand experience as a loyalty driver

Customer loyalty programs ideally offer not just rational added value, but emotional added value as well; that is, an experience. Whether it is participation in an exclusive customer event, reduced prices for concert tickets, or a birthday card with a coupon enclosed, that experience should be more than just well remembered – it should also be associated with the company behind it in a positive light.

A customer experience should be aligned with the experience at all of the company's points of contact to render it trustworthy and credible to the customer. Integration into a brand's chain of experience is the

foundation for forming and solidifying a trust-based, long-term customer relationship and for increasing loyalty. That means that customer loyalty programs must be aligned with the company's business strategy and fit into the overall brand experience, too.

An integrated approach pays off

Alignment with the brand strategy ensures a number of further success criteria: differentiation from the competition, making use of synergy potential, and orientation toward the business strategy – especially because the brand strategy is derived from the first. This integrative concept for customer loyalty tools also appears imperative and correct because it guarantees efficiency. Of course, consistently allowing for the target group's perspective is a key factor, too, for which multiple other aspects must be considered.

To begin, target groups must be made aware of a customer loyalty program to even take it into consideration. To do so, the program must be launched with the necessary communicative force and communicate it on an ongoing basis. Two, the offer must be relevant, meaning it must offer real added value from the customer's perspective that can be experienced within a foreseeable amount of time and which is attractive enough for the customer. And third, the program must come across as trustworthy, i.e., program mechanisms must be kept simple in order to gain acceptance.

Turning differentiation into an experience

More and more demands are being placed on business- and brand leadership in today's increasingly competitive environment. A cold wind is blowing through the landscape of customer loyalty programs. Everyone offers them, and everyone is vying to win the favor of their customers. The goal is to use innovative tools with experiential value to tie and win over new customers, especially in difficult economic times. The basis for that is a brand strategy.

Success criteria for brand-based customer loyalty programs – a checklist

The following checklist identifies the most important success criteria for brand-based customer loyalty from both a company and customer perspective. It also serves as an aid for the creation and validation of customer loyalty tools.

Success criteria from the company perspective

- Strategic fit
Is the customer loyalty program consistent with company- and brand-strategic goals? Does the program support not only the stipulated company objectives, but does it also strengthen the brand positioning and harmonize with the brand's personality?
- Degree of differentiation
Is the offer distinctly different from competitors' offers?
- Degree of integration
Is the customer loyalty program consistent with the marketing mix? Does it harmonize with the company's other customer loyalty tools? Does it fit into the brand experience?
- Synergy potential
Does the program promote cross-selling activities and does it secure customers for additional business? Is there a goal of image transfer to the brand?
- Effectiveness
Are investments in the customer loyalty tool moderately proportionate to the expected returns? Is effective brand leadership guaranteed?

Success criteria from the customer perspective

- Recognizability
Are the relevant target groups aware of the planned measures? Are adequate personal and financial resources in place to promote the customer loyalty program and thus achieve the necessary effect?
- Simplicity
Is the program simple and understandable enough for the target groups? Are the program mechanisms familiar ones?
- Relevance
Does the customer loyalty program offer significant added value? Can customer value be experienced within the foreseeable future?
- Attractiveness
Are the advantages and incentives attractive enough from the customer's perspective?
- Identification potential
Is the program reliable? Can customers adequately identify with it on an emotional level?



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