

# How Jersey Mike's, ThirdLove and Mack Weldon Harness Their Loyalty Programs

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**eMarketer Editors**

Loyalty marketing goes beyond loyalty programs, but they are still an important part of the customer experience and a vital channel for keeping customers engaged and spending.

According to November 2018 polling by YouGov, 64% of US internet users are members of some type of loyalty program. Women were more likely to be members than men, and chances of membership tended to rise with age and household income. Still, a solid majority of adults ages 25 and older said they were loyalty program members.

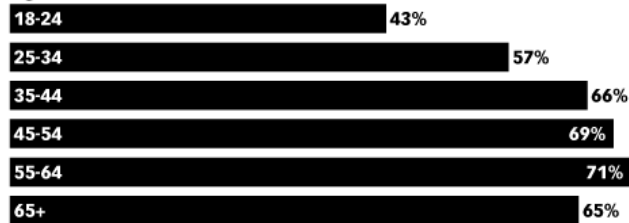
### US Loyalty Program Members, by Demographic, Nov 2018

% of respondents

#### Gender



#### Age



Source: YouGov, "What Americans think of loyalty programs," April 2, 2019

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The same survey found that loyalty program members 35 and older were most commonly members of supermarket loyalty programs. Those under 35 were more likely to report membership in general retail programs, including online. Both of those categories, along with pharmacy loyalty programs, were popular with at least two in five loyalty members across all age groups.

Loyalty programs often involve points or other rewards for credit card spending. Coupon code tracking firm CouponFollow found that more than a third of internet users polled in May 2019 had a card with reward points. Smaller shares had credit cards that earned retail rewards, airline miles, gas points or other travel-related points.

"Marketers' understanding of the customer journey doesn't end at the conversion," said Nicole Perrin, eMarketer principal analyst and author of our recent "[Customer Experience 2019—Loyalty Marketing](#)" report. "It's important to investigate how their customers want to reconnect after a purchase, whether that's to get help, to make a return or to research another purchase. This can inform what type of loyalty program communication is best for members. User research and voice-of-customer data are also key to understanding what kinds of rewards or membership benefits the brand's customers actually want."

For this report, we spoke with several industry experts about their own loyalty programs and how they came to fruition. Here's what they said:

#### Rich Hope, CMO, Jersey Mike's

Through our text message program, we ask people what they want out of our loyalty program, and the overwhelming majority of our customers said, "We want free subs. That's what we want."

Our loyalty program has been pretty successful. Right now, we're averaging, about 30,000 sign-ups per week, and we currently have about 11 million members. On any given week, between 45% and 47% of our sales comes through the loyalty program.

The gauge for an effective loyalty program is 20% of your sales. If 20% of your sales comes through a loyalty program from your most loyal customers, that's considered successful. We're well beyond the barometer for what makes a program successful, so we haven't really changed it much, because we feel like we're giving the consumer what they want, and that's free product for coming in frequently.

The only change that we're considering right now—that we did once for a promotional period—is letting customers earn points by purchasing items besides subs, like desserts, chips and drinks. Right now, customers earn points only for sub purchases. We're considering adding these additional items to the program on the point-earning side, but continuing redemption for subs only.

**Brian Fesen, Vice President of Performance Marketing, Mack Weldon (a direct-to-consumer men's clothing brand)**

Instead of building out a new subscription program, which has inventory and a lot more logistical challenges, we set our sales goal of creating a loyalty program. We looked at some third parties and chose to keep it in-house, after investigation research and focus groups with our customers. It took about nine months to confirm that the structure of a loyalty program, as we had been thinking about it and evolving it, was something that we really wanted to go forward with. Then we launched Weldon Blue in November 2017.

So, your first purchase gets you into the Weldon Blue loyalty program with Level 1 status, which gives you free shipping on every order. Now, free shipping is usually only on orders over \$50—and for anything less than \$50, it's \$2.50. It's not a big hurdle, or a huge benefit. But what we found was some customers were holding off on buying a new product

or a new color of underwear, or anything new, because they were either waiting to have a shopping cart of more than \$50 to get the free shipping, or to have more than a \$100 or \$200, which would get them our Savings Meter discounts. With that, any order outside of the loyalty program rewards you: If you spend \$100, you get 10% off. If you spend \$200, you get 20% off.

We think shopping should be simple and straightforward. If you want it, you should be able to get a good deal then and there. So, we remove the free shipping hurdle after a customer has placed their first order. And once you spend a total of \$200, then you lock in that top-tier 20% discount for a full year. Now we see that people are no longer waiting to buy the newest pair of sweatpants until they're ready to load up on some t-shirts and socks as well, because they're in the loyalty program. They're getting the maximum discount, and they don't have to bulk up their shopping cart to do so.

### **Josh Wolff, Vice President of Customer, ThirdLove**

It's difficult for us to acquire a first-time customer who's willing to give us a shot, particularly someone who may not have bought this product online before. And our core value proposition is getting her into a perfect fit. Once we have a perfect fit for our customer, we want to make sure that we can keep bringing her back. And our loyalty program is designed both to reward those customers and create more value for those who are already replenishing with us on an ongoing basis.

When someone buys from us the first time, one of the first things we try to do once we know that she got a great fit is get the next purchase, usually within a couple months. There's this initial period where we're not thinking about replenishment because, of course in 60 days, you're not going to need to replenish the bra that you just bought from us. But, we do see a real opportunity there to replace some of what else might be in the drawer, now that she's found a better fit at a better cost with us.