

How to build brand loyalty through programs and offers

Article

Customer loyalty has to be earned. Brands can do this through programs with discounts and deals, but there's a lot more to loyalty programs than the occasional coupon.

Brands need loyalty programs for two reasons:

1. Loyalty programs drive buying. “You want to drive repeat purchasing by rewarding that purchase behavior and creating some incentives for people to come back and purchase,” said our analyst Sky Canaves on our “**Behind the Numbers: Reimagining Retail**” podcast.
2. Loyalty programs help brands market. “As it becomes harder to track consumers across apps and online, we’re going to see more emphasis on collecting first-party and zero-party data (information given proactively to brands) from consumers,” said Canaves.

And for loyalty programs with mobile aspects, like Starbucks, McDonald’s, and Walmart, it goes even further. “You’re also helping bridge that online/in-store gap through the loyalty program,” said Canaves, noting that QR codes help identify what consumers are really doing in stores, which helps marketers personalize messaging.

Traditional loyalty programs are free, deal-driven rewards systems that drive consumer spend. But paid subscriptions like Amazon Prime and Disney+ can also be thought of as similar to traditional loyalty programs because they drive return spend.

“How do you get them further into your ecosystem?” That’s the question behind Prime and Disney+, noted our analyst Suzy Davidkhanian.

- A good paid program will bundle multiple services, the way Prime does with video, music, photo storage, free shipping, and easy returns.
- Retailers should focus on the variety offered by these programs and how much they can save consumers without costing retailers too much.

Seamlessness is imperative. “The most important thing I would encourage retailers to think about is how do you make it super easy for your customer,” said Davidkhanian. “How do you make sure that they can benefit from your reward program with little effort?”

How can your loyalty strategy set itself apart without bleeding cash?

- Build a community around a common interest. Canaves points to women’s running company **Oiselle**, where she noted “the sense of loyalty is built around that community that already exists.”

- Or develop a new community and following, the way water company **Liquid Death** has around the otherwise mundane act of drinking water.
- Be creative. For this, Davidkhanian pointed to tea company **Matchaful**, which offers consumers “leaves” rather than points, offering a sense of growth.
- Fill a need. **Pret A Manger** has done this with its in-store coffee subscription, which allows consumers to save on an essential (yes, coffee is an essential), while drawing them into the establishment.

[Listen to the full episode here.](#)

This was originally featured in the Retail Daily newsletter. For more retail insights, statistics, and trends, [subscribe here](#).