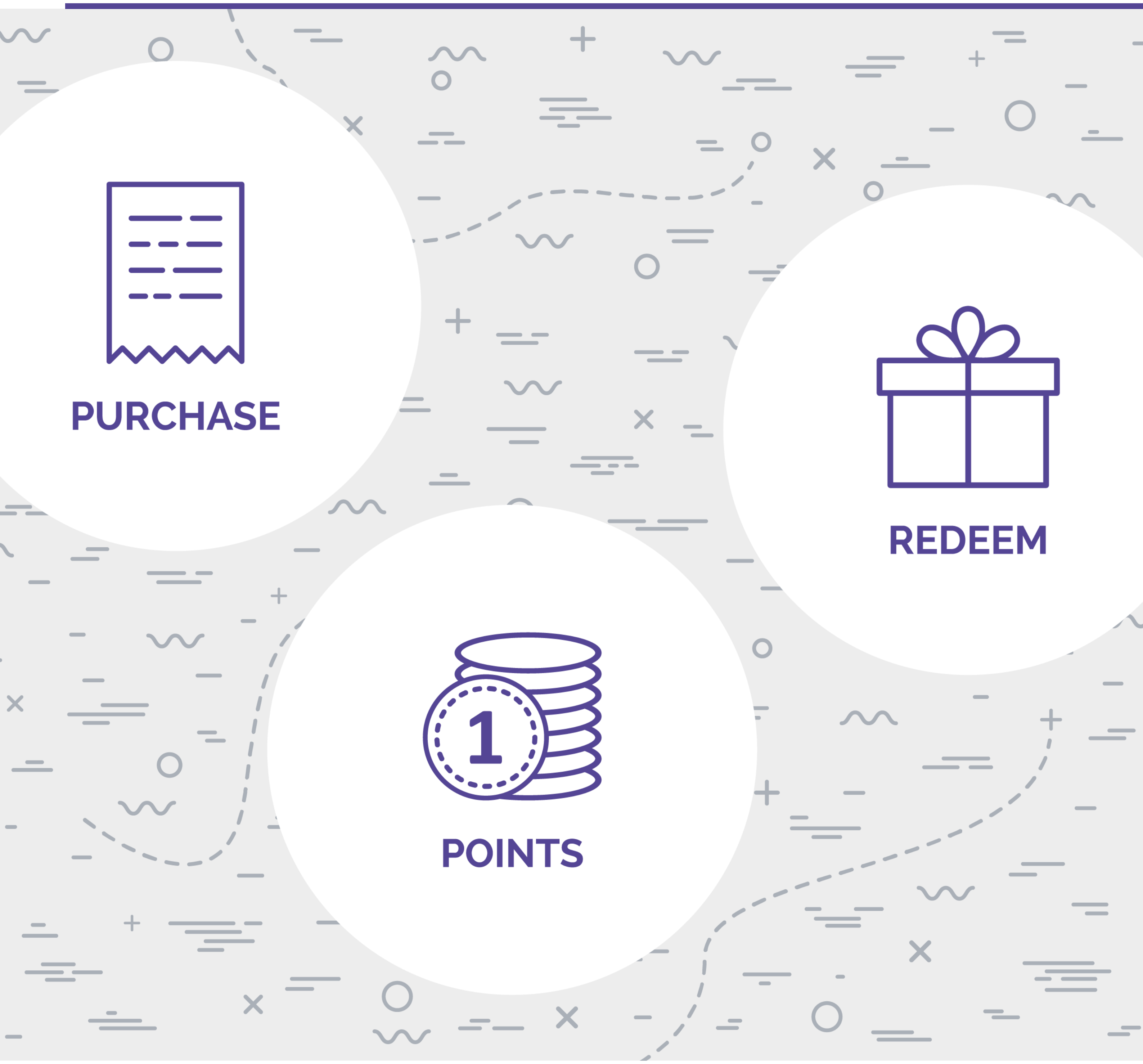
stream
loyalty

Loyalty is a bigger asset than you think



It is well accepted that it is ten times easier to drive revenue from existing customers than from new ones, and that loyalty from existing customers can pay dividends in enhanced customer value.

A good loyalty scheme can deliver an excellent Return on Investment (ROI) by increasing spend, share-of-wallet and overall buying behaviours and of course, it provides you with useful data, which can be analysed and acted upon to deliver even greater rewards.

In short, gaining customer loyalty, and keeping it, is an asset to any business. But, even better than that, loyalty really can be an asset in a very financially tangible way – quite literally a tangible asset on your company balance sheet.

In the extreme, the asset can reach spectacular valuations, as was the case with Ceasars Entertainment's Total Rewards programme which, with data on over 45 million customers' buying behaviours, had an estimated value of $1billion.

Clearly this is an extreme example, but the point is that in addition to delivering all the value to be gained from a sales and operations perspective, you should also consider any loyalty programme as a highly strategic investment that can add appreciable value to your business.

In short, any company that views loyalty as a purely tactical marketing activity is missing a trick.

The ROI can extend far beyond that and given the potential asset value that the right loyalty programme can deliver, any investment in such an asset can be considered as capital expenditure.

So, if you have always considered loyalty as a line item in your marketing budget, then it might be worth discussing with your FD or CFO how 'Capex-ing' this expenditure can help them bring a different dimension to your marketing department budgets- and long term value to your balance sheet.