

The VIP Effect

Can loyalty make your customers feel like VIPs?





When you think of a loyalty programme, I expect you think of a points-based programme where you spend money, earn points and redeem the points on products. Points based programmes absolutely work, but to be effective and sustainable long term, they should have multiple layers and be able to engage your different audiences on a personal level. Loyalty requires constant evolution and engagement and you need to think about your customers differently. Some loyalty programmes even go so far as to charge their customers an upfront fee to access the benefits of their VIP programme.



Take Amazon for example, how many of us happily pay for the benefits of prime knowing that we are easily seeing the value returned to us throughout the year. Amazon reap as many benefits (if not more) as they get to know more about us, their customers, and receive an up-front annual subscription charge so that at the start of every year they already know who their loyal customers are and how to communicate with them. This is possibly quite extreme and only works if customers are already engaged in your brand and see value in the products and services that you offer. The rewards that are offered must be perceived to outweigh the initial outlay cost to becoming a part of the VIP programme. We want to show you how you can use the same methodology to create an exclusive community of VIP customers who want to keep coming back to your business year on year.





Creating exclusive communities, now more than ever, has real power to create a strong sense of brand advocacy. In the same way that you wouldn't buy all your friends the same Christmas present, you shouldn't be treating all of your customers the same or giving them all the same rewards. Quite often your best customers are already getting high discounts and the best service levels but do they see that as a perk of being part of an exclusive community or do they see it is something they expect. Changing the perception of these rewards and benefits with your top customers by creating an exclusive community that they are part of will change how they feel about your brand.



The inclusion of soft benefits in a loyalty programme adds an element that your competitors can't copy. Anyone can provide their customers with hard benefits such as technology products, gift vouchers etc but the service levels, experiences and personalisation is where you are able to stand out. As a human race we don't want to miss out and we want to be involved. The 'I want to be in that' exclusivity pulls on the desire for people to be included. Sometimes you don't even have to know the full benefits of being part of the club or programme but you know you don't want to miss out. Soft benefits could even be services provided by partners who will also get something out of the relationship. For example negotiating a free subscription to a service such as Taste Card, for all your VIP members will give your members something for free that they can see value in but that you haven't had to pay for.

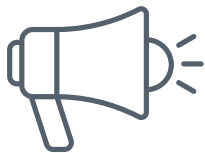
The Recommendation

So our recommendation is to take a step back and look at how your loyalty programme is rewarding your different customer segments. Are you able to give each customer a rating of between 1 and 10 for how loyal they are? If you can, then you need to look at how you can reward your customers in the 8 to 10 brackets with more soft benefits, make them feel like a VIP. Design a brand for your VIP club, send out an invitation to your best customers asking them to join the group and list all the benefits they get. Some of them may not even be aware of everything you do for them so a reminder won't hurt and will reinforce the message that you care about their business. People need both a rational and emotional connection with your brand to stay truly loyal and using the different benefit types can give you that pull. Being part of an exclusive club or community allows your customers to feel special and listing out the benefits they receive allows them to rationalise the emotional connection.

WE WANT
YOUR
FEEDBACK



Ask your VIP club for feedback and referrals to show you value their opinion. We always recommend getting a few top customers to provide feedback on your loyalty programme right from the start. We ask them to participate in focus groups, to test the platforms before they launch and to be the first group to receive new updates. 9 times out of 10 it is these customers that continue to be the best customers even 10 years on from the initial launch of a programme.



Make sure you promote the benefits of your VIP club to all of your customers particularly those with high potential. The community mentality and the wish to be part of something will encourage other customers to aim higher which will directly benefit your bottom line without you having to spend any more on rewards.

