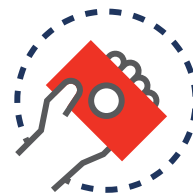




tranxactor

**6 reasons why you
should consider a
loyalty program for
your business**

1 Retain existing customers



Never underestimate the effect of the customer retention rate on your actual, bottom-line. Winning a new customer is hard. Keeping them is even harder. We call this the 'bath-tub conundrum', how to acquire new customers and stop them from falling out of the plug-hole. A well designed and run loyalty program provides practical, tangible reasons for continuing to shop.

It does not matter whether the rewards are points accumulation or benefits such as higher levels of service, or a combination of both. The real value of a loyalty program lies in the information we can gather about the customers that allows their needs to be met more efficiently and effectively. Their shopping basket actually tells us more about the customer than their registration form. Shopping basket and SKU level tracking is a key component of Tranxactor's solution.

Many loyalty program operators try to discourage redemption, or penalise customers by rapidly expiring points. But reality is that once a customer starts redeeming rewards or enjoying benefits, their enthusiasm and commitment rises. They become **engaged!** The faster you can get them to their first reward the better the long-term result.

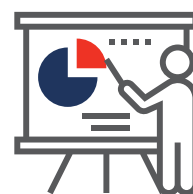
2 Acquire new customers



Yes, a loyalty program can attract new customers but should not be the central focus as there are more effective ways of acquiring customers. Design your program for your market and make sure that your offering is inviting, exciting and deemed valuable by your target customer.

Acquiring customers can be very costly compared to nurturing existing good customers. The old adage "it costs 5 times more to get a new customer than keep an existing one" is probably true. Once again, the data gathered from existing program members can help you profile target segments and use a 'rifle-shot' approach in your acquisition strategy.

3 Sift the cold from the hot



It can be better business to lose bad customers than gain new ones. The honey bees who are only attracted by deep discounts will cost you money. Using tools such as Tranxactor's ChiliWheel can help you identify those low spenders or discount seekers and exclude them from the sweeter deals or target them to move them up the loyalty ladder. Design your loyalty program carefully to reward everyone (without sending you broke) but reward better customers better. The '80/20 rule' does in fact rule. Approximately 80% of your sales will come from 20% of your customers.

4 Recover lapsing customers



Your loyalty program should help you monitor your customers' loyalty life stages. Closely monitoring customers as they start to lapse by spending less or visiting less frequently should raise a red flag and trigger a reactivation process to encourage them back into the fold before they become ice-cold. You have advantages with lapsing customers that you don't have with prospects, such as demographics, geographics and purchase history, and how to contact them. Tranxactor's Life Stage Report helps you track every program member and segment by life stage.



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5 Increase Customer Lifetime Value



Customer Lifetime Value one of the more important measures of the worth of a customer to the business. It determines not only the customer's value today but the expected value over their projected lifetime as a customer. If your loyalty program is delivering, the Customer Lifetime Value of loyal customers will increase.

6 Create advocates



By nurturing your most loyal committed customers you can turn them into advocates, and unprompted advocacy is one of the highest forms of loyalty that a customer can show. Advocates are so satisfied and pleased with your offering that they tell their friends and associates. And to most people, a personal recommendation or testimonial is far more persuasive than any amount of promotional material.

Need help?

Talk to Tranxactor about how we can help you design, build, implement and support the most effective customer loyalty program in your category.

Kick-start your Tranxactor journey today!

www.tranxactor.com