

## Lead to Loyalty

What retail providers can teach us

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Stacey Sutherland is the vice president of B2B marketing and communications for ICE (International Cruise & Excursions, Inc.), the global leader in travel-based loyalty, reward, and incentive programs that drive increased engagement and strengthen the relationship between brands and their customers. She has been in the timeshare industry since 1988 where she worked at Vistana Resort under Art Zimand. Stacey went on to form a company which provided sales and marketing services to the industry in the 90s and also served as vice president of corporate branding and communications at Holiday Inn Club Vacations for more than 14 years

**T**urning customers into brand loyalists isn't easy. And, one might argue it is much harder for retailers than it is for the timeshare industry to capture and keep market share, with so many choices available to consumers in the palm of their hands. But, as the timeshare industry works to fight detractors such as exit companies and adjust product strategies to meet the growing demand for shorter term products, there's something to be learned from retailers when it comes to garnering customers using premium loyalty programs.

**70% of retail consumers agree their loyalty is more difficult to maintain than ever before, while 88% agree retail companies could do more to earn their long-term loyalty.**

– Wunderman loyalty study

It's no surprise Amazon Prime is the premier example of a premium loyalty program. Its subscription-based model eclipsed 100 million members in January 2019 (source: *FORTUNE Magazine January 17, 2019*). Often deemed the Wal-Mart of ecommerce, Amazon remains a central topic in the future of ecommerce thanks to their size, popularity and ongoing innovation.

Why does it work?

- Their program is easy to understand.
- They offer various options (shipping methods and speeds).
- Prime (upgraded) membership comes with added benefits: music, movies and more.

Their technology platform keeps track of *what you browse* and *what you buy* and they continue to entice you with reminders, offers and reviews.

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**95% of Prime members say they would “definitely” or “probably” renew their memberships.**

**- Consumer Intelligence Research Partners (CIRP)**

In any industry today, we must do more with less, on the right platform, at the right time. It is all about timely, relevant offers and providing them in a convenient, easy to access platform with undeniable value. And retailers know how to do it better than anyone. They know they have to capture the attention of their customers outside of their stores and they have created premium subscription models that are changing the loyalty landscape and delivering them in the palm of their consumer’s hands.

Premium loyalty programs are no doubt a powerful loyalty tool. But, they aren’t about charging customers as much as they are about providing value through compelling benefits. And, premium loyalty inherently provides market separation. These platforms are adapting constantly to remain competitive. But, there is a common denominator: they enable you to create both a transactional and an emotional connection with your best customers.

**Transactional benefits** make consumers feel like smart shoppers. These types of traditional benefits (i.e.; discounts or special offers) impact consumers’ behavioral loyalty and are often the first ones that customers experience from a loyalty program. They serve as a vital hook in retaining them as members.

**67% of consumers say they are motivated to invest in a premium loyalty program if it includes instant discounts. They must be simple, easily accessible, and give consumers that undeniable feeling of getting a deal.**

**- According to the 2019 Premium Loyalty Study, Clarus Commerce**

On the flip side, consumers also want an **emotional connection**. And, that form of loyalty *often comes in the way of experiences*. Emotional benefits are felt when a loyalty member experiences a feeling of exclusivity. It’s like the feeling you would have if you were able to skip the long lines at the theme parks, and enter the velvet rope section ahead of the masses. So, while *transactional benefits* make consumers feel smart, *experiential benefits* make them feel special. **It’s the balance between both, that complete the loyalty circle.**

### **Engaging and Retaining**

While benefits like instant discounts or incentives entice customers to sign up, the goal is to get them to become active members and retain them. Developers with club and points products know this all-too-well. Though identifying additional benefits that can add to your existing product(s) while keeping your customers engaged isn’t easy. It’s especially hard for developers who don’t have a new resort or a new amenity to offer existing customers. If there is no new story or no new offer, there is no new sale which equals less engagement and less revenue for the developer.

There are only so many organic benefits that can come from your existing product. Finding new ones is hard to fund, hard to manage and hard to implement on your own. Credit card companies for example, have learned how to compete. They realize their competition is stronger than ever as they fight for wallet share. So, in order to make you feel smart, they too have created loyalty programs that reward you with some form of alternative currency, which in turn allows you to choose experiences that make you feel special—such as upgraded first class airline tickets. You can use your currency for travel, lifestyle and leisure products—and you

can even use this currency to pay your dues and fees. Can you imagine overcoming the maintenance fee objection on the sales table with this benefit?

Credit card companies are leaning on third party providers who already have the supplier networks and technology platforms in place to deliver new found value to their credit card holders. Now consumers are more concerned about which program offers the MOST benefits at the best value. And that is where they demonstrate their brand loyalty.

Many developers have shied away from such third-party companies in part because they believed these programs would compete with their own value proposition or erode their share of wallet. In reality, loyalty programs are a **value-add** as the timeshare value proposition is already impaired by the online travel companies (OTA’s) and their cheap hotel rates. However, third party companies, as you may have experienced with your own credit card loyalty program, offer more than just hotel rooms.

It’s time to take a fresh look at what a premium loyalty program can do to add value. Whether rewarding cash back, alternative currencies or straight discounts—driving continued engagement and a desired behavior has never been easier. Apply a premium loyalty platform to your product and you too can add instant value for your members all-the-while creating a loyalty program on steroids.

Premium loyalty programs hold the key to unlocking sustainable emotional connections and creating customer retention. That’s where experiential benefits come in. You don’t have to fund the solution, you just have to find the right solution to meet your business objectives. Adjust your strategies to align these transactional and experiential benefits for your members, and your customers will be more excited to engage more often, and stick around for the long-term. ■