

## BEST PRACTICES FOR BUILDING A LOYALTY PROGRAM

*Identifying, rewarding and retaining your best customers.*

### The Benefits of a Rewards Program

The reasoning behind rewards programs is simple:  
*You learn more about your customers, and your customers receive a more personalized experience.*

### 29% OF CONSUMERS WOULD NOT BE LOYAL TO A BRAND IF IT WEREN'T FOR A LOYALTY PROGRAM

*Source: The loyalty Report, 2014 Consumer Survey*

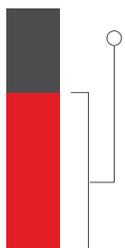
#### Revenue Driver

A rewards program is a proven way for businesses to sell more and increase the spend amount for each customer. In fact, rewards program members spend between 30% and 100% more than non-member customers in *addition* to purchasing more frequently.<sup>1</sup>

A recent Manta & BIA/Kelsey report found that a 5% increase in retention could lead to a 25% to 100% increase in profitability—a fact illustrated by Starbucks' impressive revenue growth in 2013 and 2014.

#### Brand Awareness & Affinity

There's no question that a well-executed rewards program is an effective way to build brand affinity, also known as "customer goodwill" or "the warm fuzzies."



**65% OF CONSUMERS WOULD RECOMMEND A BUSINESS MORE IF IT HAD A BETTER REWARDS PROGRAM**

*Source: QSRWeb*

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1. Burns, Susan. "From Our Table To Yours." Rewards Network. N.p., 12 Feb. 2013. Web. 30 Nov. 2014.

## Utilizing Customer Data

Making your customers feel special through rewards is the first step in brand awareness, as happy customers become excellent ambassadors. Your rewards program should also tie in to your existing social media, mobile applications and other technologies to help to tie your brand into the daily routines and activities of your customers.

A rewards program is a great way to introduce your brand to new customers or lure them away from competitors, as nearly half of consumers will switch brands based on potential reward benefits.

**Customer data** can be used to help you find better—and more cost-effective—ways to meet the needs of your market. That's a major competitive advantage over other businesses that don't offer rewards programs.<sup>2</sup>

**A critical step in building a successful rewards program is understanding what makes your customers happy.**

At the outset of planning your program—before you even begin to consider offers, processing or marketing—you must take a holistic look at your business and your customers. Specifically, seek deeper insight into their current behaviors and stated “needs” and “wants.”



## CUSTOMERS ARE DEMANDING REWARDS PROGRAMS.

**Think of your rewards program in terms of relationships.**

Determine which relationships are most important for your business and design your program to cultivate those customers. Your rewards program should reinforce your overall brand strategy, not diverge from it.

**Don't Have Enough Customer Data? *This is a common concern for many businesses.***

Don't Worry! It's not too late to get started! You probably already have reporting on sales. A rewards program will help connect sales behavior to your customers. We want to work with you to augment that data with spend and visit information.

We can start using this data to identify your most-loyal customers — by frequency or profit — starting there for targeted marketing.

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2. "2013 Maritz Loyalty Report: US Edition." Maritz Loyalty Marketing, 2013. Web. 30 Nov. 2014.

## The Behavior You Want to Reward

### Targeted Marketing Strategy:

*Market to your customers in a way that makes sense for them!*

### How? Leverage your existing data!

Use reporting and analytics to define customer segments

- Registered accounts over store lifetime
- Account visit/frequency details
- Total active accounts
- Customer demographics of registered users- age, gender

Create individualized messaging to target specific customers.

Communicate, engage, and reward them, how *they* want it!

Rewards based on motivating the right behavior!



**Message 1 | James**  
Visit us! We miss you!



**Message 2 | Sarah**  
Bonus Surprise



**Message 3 | Amy**  
Status Reward  
Achievement



**EACH CUSTOMER IS AN  
INDIVIDUAL. MAKE YOUR  
SURPRISE AND DELIGHT  
REWARDS MEANINGFUL.**

## Things to Remember

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Consider incentivizing sign-up with a bonus

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Create urgency with time-sensitive promotions

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Reach out with regular touches via email or text

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Ensure marketing is concise and adds value

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Amp up your customer service!

## Engagement Examples

Engage your customers through specialized promotions with registration, targeted marketing and status rewards.

### Registration



Receive a bonus surprise for registering your account



Free meal coupon added to your account on your birthday

### Targeted Marketing (*Offer will appear random to customer*)



Swipe your rewards card in the next 7 days and spend \$5, receive free fountain drink!



Swipe your rewards card in the next 7 days get a free logo item.



Swipe your rewards card in the next 3 days and receive a free side.

### Status (*Offer will appear random to customer*)

**10** Swipe your rewards card 10 times, achieve "bronze status" earn a free side (added to account as "coupon" to be redeemed when the customer chooses)

**20** Swipe your rewards card 20 times, achieve "silver status" - free appetizer (added to account as "coupon" to be redeemed when the customer chooses)

**30** Swipe your rewards card 30 times, achieve "gold status" status receive free t-shirt (added to account as "coupon" to be redeemed when the customer chooses)

**40** Swipe your reards card 40 times, achieve "platinum status" and you are entered in drawing for front row seats at an upcoming event

## Alternative Engagement Opportunities

**10**

Purchase 10 entrees and receive one free party platter



Purchase a T-shirt and get food discounts

**50**

Swipe your rewards card 50 times and become eligible to win a tropical vacation



Best customer of the year "super platinum" eligible to create their own menu item

## Why Heartland?

We have been serving the restaurant industry since our inception. Currently supporting over 55,000 restaurant locations, many of which are franchise programs.

The Heartland Marketing Solutions platform and technical team were originally developed to support the Subway gift and loyalty program, which processed transactions for over 25,000 stores, mostly franchise locations. After seven years of successfully supporting and processing that program, the platform was duplicated by Subway in-house in a project that took over two years to implement and resulted in a significantly reduced feature set.

Heartland provides dedicated resources to support merchants throughout all stages of our relationship, from initial design and implementation to overall ongoing program management. Our state-of-the-art service center is home to more than 850 customer advocates and service employees, who provide equipment, application, software and network support to over 250,000 merchants across the country — 24 hours a day, 365 days a year.

Our Service Center help desk provides live agent merchant support to resolve issues related to the point-of-sale (POS) equipment, POS application software, communication methods (Dial, IP, Broadband, etc.), application downloads, and client training.

Within the Service Center, our goal is “one call resolution.” The Service Center maintains several tiers of support to assist our Customer Advocates. If a situation cannot be resolved on the first call, a streamlined process is followed to make certain the caller’s situation is promptly resolved. The Customer Advocate will work with the appropriate technical resources and the leadership team to resolve any issue. We track abandonment rate, hold time, and talk time weekly.

### **Our latest Service Center performance levels:**

- Current client response is 99+%
- Abandonment rate – under 2%
- Calls answered by a live-representative within 7 seconds

Heartland processes all card transactions on its proprietary networks and helps merchants of every size grow their business with value-added services such as data security, payroll solutions, managed network solutions, gift card and loyalty rewards.



As the founding supporter of The Merchant Bill of Rights, a public advocacy initiative that educates merchants about fair processing practices, Heartland remains steadfast and grounded in the core values that got the company to where it is today. Our unique culture, organizational model and advocacy for merchants have received recognition from hundreds of publications, trade groups and academic organizations. Here are just a few:

- *HPS Recognized as America’s Top Technology Innovators on 2012 InformationWeek 500*
- *HPS Chief Security Officer John South Named Information Security Executive of the Decade*
- *HPS Named to FORTUNE 1000 List for Third Consecutive Year*
- *HPS Earns Five Stevie Awards (often described as the “Oscars” of the business community) for Excellence in Sales and Customer Service for 2013*

HEARTLAND PAYMENT SYSTEMS

Learn more at [heartlandpaymentsystems.com](http://heartlandpaymentsystems.com)

