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## **LOYALTY MARKETING**

### **Lexicon Terms:**

1 VALUES 2 STRATEGY/TRENDS 3 IDENTITY 4 CONNECTION/ENGAGEMENT  
5 ENVIRONMENT 6 CONSUMER 7 VISIBILITY/EXPERIENCE

## **INTRODUCTION**

Loyalty marketing is shopping at the department store, sifting through numerous brands to finally find *anything* by Free People. It's an automatic buy, and you know you will love it because they make unique clothes. You know that with Free People, you can expect interesting seams, layers, flattering lines, and good colors; every time.

Loyalty marketing is saying, "Hey listen, keep stopping by, because we will continue to make you happy, time and again." It is about the strong, positive relationship the consumer has with the product, brand, or company. For a more robust definition, customer loyalty is described as a customer's repeat visitation or repeat purchase behavior while including the emotional commitment or expression of a favorable attitude toward the service provider (as cited in Yoo, 2014, p. 167). Loyalty marketing almost always creates an emotional response from the intended buyer, with the intention of making the consumer happy so that in the future, that consumer will keep coming back.

When thinking of loyalty marketing and how it applies to current trends, take a look at how your local coffee shop gets people in the door or how huge corporations keep gaining market share. Many ways in which businesses or corporations achieve loyalty marketing is by offering incentives to get the consumer to become a repeat customer,

such as an airline company offering frequent flier miles or a Buy 10, Get One FREE punch card. In these cases, loyalty to a particular brand comes from the deal and offers the consumer a chance to feel 'elite' or like a 'preferred customer' during purchase and beyond. Other tactics of loyalty marketing are a bit deeper, perhaps, in the emotional sense. Brands inspiring loyalty through an emotional connection are able to have that repeat consumer, either by connecting through an advertisement or through a memory that inspires repeat buys.

Every day, we as consumers, are bombarded by marketing campaigns through various sources of media, leaving us to decipher which ads are going to change our perceptions on the things we need or want. Consumers make or break business. Consumers are the ones whom the company needs to please in order for business transactions to happen. Loyalty marketing provides an interesting niche in ads by working to generate a strong emotional response or urge to create value related to the identity of the consumer.

## **ESTABLISHING VALUES & DESIRES**

By establishing the values placed upon a company or brand, we begin to understand a little more about what loyalty marketing means for the businesses that use it. Values can be described as feelings or attributes that have a particular meaning to someone or something. Values associated with a certain type of product start to create a desire for that product. In this sense, what loyalty marketing essentially branches from is relationship marketing, where the marketing inspires an emotional connection between the product and the buyer, often associating that product with a positive thought or memory. Loyalty marketing inspires this connection and also inspires the buyer to

continually seek that product or brand. The value this speaks of are both tangible and intangible, both product and memory. For example, the book *Married to the Brand* explains one consumer's response to her favorite product, Miracle Whip from Kraft. She is completely smitten with the product, and will pay an additional twenty cents for the more creamy, better tasting mayonnaise, than settle for an off brand. What loyalty marketing instills, then, is trust in the brand. Why go to another brand when this one works just fine? Companies spend millions of dollars on advertising every year; money that could be spent on furthering production, employees' wages, other concerns, but marketing so that the brand is visible to the consumer can make or break a brand. Instilling trust through branding can marry a consumer to a product, and encourage that value and desire for wanting it again and again.

Another example is one from my personal collection. Imagine it's your first time skiing. You know nothing of what you should purchase to stay warm. But knowing that your favorite Burton jacket keeps you warm during the winter months, and from the tag on the inner sleeve, you know that it is a winter sports brand. So going through the ski shop, you spot Burton brand under-clothing. You grab it, knowing that your winter coat has served you well, and that these under-garments will too. That's loyalty.

## **VISIBILITY: CONNECTING THROUGH MEDIA**

There is value in the effort to understand what consumers' want and how well competitors are delivering that value as well (Reichheld, 1997, p. xvi). When we think about marketing, we think about visibility, about being able to effectually create an advertisement that can be reached by the public. Burton's iconic "B" led to another brand buy; Kraft's logo after all of their commercials produces visibility in the

advertisement. Too, the best companies will be aware of other brands producing the same product, and this effectually drives companies to reach the consumer through different levels; efforts into researching towards a more deliberate idea of why consumers buy offers the company valuable insight into buyers habits, therefore offering marketing geared toward loyalty consuming. Loyalty marketing can be utilized in many different media areas from radio, to television, to magazine and newspaper ads. Connecting to the public, and connecting through many different avenues makes the company, brand, or product visible to more people. As mentioned in the previous paragraph, millions of dollars are spent on the visibility of products. This is why media is so important for marketing. In order to reach the most people, the marketing firm needs to figure out how to be visible, and on different platforms. Many media options are available for public interfacing, and some are used more than others, and most are used in regards to a strategy.

## **IDENTITY AS STRATEGY**

Strategies are the ways in which ideas are executed that follow a plan through thought-out and diversified means. Marketers use strategy since it denotes a knowledge of problem solving and thinking ahead, also of foresight. A strategy of loyalty marketing is focusing on the target audience, the consumers that marketing efforts are aimed at. Branching into new audiences generally will cost the company more than reinforcing already exposed consumers; so marketing that frequent buyer card or deal, etc. makes more sense than tailoring ads to unaware consumers. “One of the most essential theories of loyalty marketing is that a small increase in loyal customers can bring a significant increase in profitability to a business (Yoo, 2014, p. 167). Sometimes, however, when a

new consumer comes across an ad meant for that continual shopper, he or she may become interested and investigate the prompt. A study conducted by FiveStar concluded that compared with loyal customers, new ones are more price-conscious. The chances of getting a sale from a new person is 5 to 20%, and actual sales from promotions sent to them is less than 1% (Jarski, 2013). Though new consumers are relevant to any business, the heart of loyalty marketing is to maintain repeat consumers through various means.

## **CONNECTIONS THROUGH ENVIRONMENT & IDENTITY**

Strategies for loyalty marketing are also focused on consumer needs and buying habits. To maintain a relationship and keep it consistent for a loyal consumer, the company must invest in the consumer. Being loyal means having a connection with a person, place or thing and is characterized by showing commitment. Part of this strategy is figuring out what the consumer wants and how a certain product interacts with daily needs; it aspires to become part of the consumer's own environment, to be a normal and integral part of the buyer's life. The goal here being that investing more in the consumer will bring awareness about the consumer and how product can inspire an emotional connection. When I think of environment, I think of those things that I surround myself with, those things that make me, me. An environment is something that a person lives in, and a consumer choosing to purchase something's as part of his or her environment is a big motivator to companies. Loyalty marketing aspires to continually make that cut. The ultimate goal is to have a place in the consumer's identity. This could mean creating two separate loyalty-marketing campaigns with one intended for current female consumers and the other intended for current male consumers. By having both, you are showing the customer that you care about their needs and that you know them.

Having an identity with a brand is showing your relationship to that brand. Wearing Armani is a reflection of oneself through the brand, flying through Delta is the airline of choice, or buying Jif peanut butter instead of Peter Pan. You find a kind of identity with these brands, maybe because of a memory or good experience, or because that is what grandma used to use. Identifying with a brand is having a connection, and connections place value upon that brand or product, thereby giving that item value for the consumer. Connections are emotional, and loyalty marketing can make that connection even more beneficial by offering discounts to repeat consumers.

### **REPEAT CONSUMERS**

To engage is to have an experience with that brand or product. Identifying with a brand and going back to that brand offers the consumer a trusted experience with the product or offer; having good experiences forms a relationship affording the consumer the desire to repeat the purchase in the future. From a consumers' habitual perspective, behavioral loyalty describes the loyalty of a customer as observed from the customer's purchase behavior (Kumar & Shah, p. 318). Examining the purchases of repeat consumers allows the firm to manage a plan to continue to produce this behavior, and reward those that continue these habitual experiences. The 2014 Journal of Retailing cautions that the problem is that customers may sometimes end up associating their loyalty (as defined by purchase behavior) towards a particular rewards program (p. 318), but understanding this may be one motive of brand experience, loyalty marketing maintains its user experience through outstanding proposals. This includes airline programs like American Airlines AAdvantage program, one of the largest and most popular loyalty programs in the world where "members can redeem miles for flights to

almost 950 destinations worldwide as well as other awards including flight upgrades, vacation packages, car rentals, hotel stays and other retail product,” taken directly from their website. These programs are appealing because of the rewards programs and the benefit of repeat purchasing. Deals can perhaps mask the intended favor of the brand and replace it with a ‘saving money’ attitude, that neither places loyalty in the brand nor encourages the consumer to stay long term. Contrarily, habitual, VIP and loyalty program members and consumers that stick with a particular company because of loyalty marketing are 70% more likely to spread the word about your business (Jarski, 2013).

An excellent example of a company that puts a large emphasis on loyalty is Bain & Company. There are two reasons for having such high loyalty within the company; it’s primary mission is to create value for clients, and secondly, that the biggest asset is employees dedicated to making productive contributions to client value creation (Reichheld, 1996, p. 29). Another example is Aveda Salons. They have a yearly loyalty customer gift bag, containing posh hair and skin products for customers who frequent the salon. Loyalty marketing can almost be that tangible sense of worth when experiencing a product, that feeling of satisfaction when engaging with the product, brand, or company. *As Building and Sustaining Profitable Customer Loyalty for the 21st Century*, pointed out, loyalty has been around for centuries. Knowing what it is like to be loyal or to be a part of something that has this kind of characteristic has a wide appeal for those interested in expectations and a continual satisfaction. That is what loyalty marketing makes sense [and profits] to many people, and companies.

**END**

Loyalty marketing inspires consumers to pay more for the Kraft macaroni and cheese because it tastes way cheesier and makes you feel like a kid again, or drive the extra two miles to your favorite restaurant for that awesome tortellini no one else in town offers. Utilizing emotional connections between the consumer and a product creates a favorable attitude in the consumer who then is more likely to become a repeat customer places value in the product or brand.



## References

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