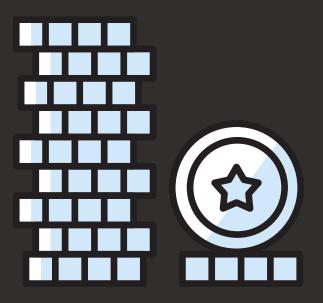


# The definitive guide to points program strategy.





## Setting program goals

Goals are what keep your program on track. Without setting goals, you can't properly track and measure your program's progress. This progress is what will ultimately give you an idea of how well your program is doing, and will allow you to implement new strategies and program ideas effectively.

While you can set any type of goal you'd like, we'd recommend setting them around **customer metrics**. Not only do they give you an idea of how customers are engaging with your program, but they are also easier to benchmark and track over time.

Three of the most impactful metric goals you can set for your points program are:

- Repeat purchase rate
- Average order value, and
- Purchase frequency





#### What is it?

**Repeat purchase rate** measures how willing customers are to make a second purchase at your store.

#### Why is it helpful?

If your repeat purchase rate improves after you've launched your points program, you can tell that your customers see enough value in your program to make a second, third, and fourth purchase at your store.

To Calculate:

# of Customers That Purchased More Than Once

÷

# of Unique Customers (365 Days)





#### What is it?

**Average order value** tracks how much money customers spend on a typical order at your store.

#### Why is it helpful?

When you reward customers for making purchases at your store, you give them the opportunity to earn more points for completing larger orders. If your average order value improves over time, it's an indication that customers find value in your rewards program and want to get more out of it by spending more to earn more.

To Calculate:

Total Revenue (365 days)

÷

# of Orders Taken (365 days)





#### What is it?

**Purchase frequency** measures how often the average customer is making a purchase at your store.

#### Why is it helpful?

An increase in purchase frequency indicates that customers find the rewards you're offering valuable and want to continue earning points to redeem them by making more purchases with your brand.

To Calculate:

Total # of Orders (365 days)

÷

# of Unique Customers (365 days)



# Giving your points value

In the context of your rewards program, points are money your customers have to spend. The more points they have, the more currency they have to redeem on rewards that enhance their experience with your brand and make them more likely to want to return as a result.

However, customers are not going to try to earn points if they don't seem valuable. You need to find a balance between your points' perceived value and their actual value. Having a higher perceived value will effectively motivate your customers to participate while also keeping costs down.

We recommend a minimum of 1% purchase value back.



This ratio is extremely easy for customers to calculate, which makes each point's value easier to see and understand.

However, depending on your industry, you may want to increase the value of your points. If you're in the cosmetics industry and other cosmetics brands are offering 3% back, your program won't be attractive to new customers looking to maximize value.

Similarly, you may have higher product margins that allow you to give more back. Use the chart below to figure out how much you could give back based on your margins.

i.

Margins	% Back
0 - 20%	1 - 3 %
20 - 60%	2 - 6 %
60% +	2 - 10 %



# How will customers earn points?

A points program gives you the opportunity to reward your customers for all of the ways they engage with your brand. The more ways to earn, the more likely the are to engage!

Although you could reward customers for a number of different reasons, there are 6 ways that are extremely effective for any brand, regardless of industry.



When a customer creates an account at your store, they give you their email address and some other basic information that makes it easier for you to market to them in the future. It also makes the checkout process faster for them in the future, increasing their desire to make purchases at your store.

Recommended earning limit: Once per lifetime Recommended points awarded: 200





#### Celebrating a birthday

Birthday points are one of the best ways to personalize your rewards experience. Not only does it make your customer feel special, but it's also a great way to provide instant value that reengages members with your program.

Recommended earning limit: Once per year Recommended points awarded: 200

#### Making a purchase

When you reward customers for completing purchases at your store, you positively reinforce that behavior. This will prompt your customers to associate spending money with earning rewards, motivating them to continue performing this highly profitable action at your store.

Recommended earning limit: No limit Recommended points awarded: 1 point / \$







#### Writing product reviews

Product reviews are one of the most effective marketing tools to have in your arsenal. Since a new customer is more likely to trust a recommendation than your marketing messages, reward your loyal customers for sharing their experiences with your products to encourage more shoppers to buy!

Recommended earning limit: No limit Recommended points awarded: 100

#### Following your brand on social media

Social media is one of the easiest ways to communicate with customers on an ongoing basis. By rewarding them for following your different accounts, you create more exposure for your brand while incorporating your business into their mobile routines.

Recommended earning limit: Once per lifetime Recommended points awarded: 100







#### Sharing your brand on social media

Since the average customer's social network has around 634 connections, rewarding customers for sharing your brand on their own accounts is cheap but wide exposure. It also publicly ties your customers' reputations to your brand, creating a more public commitment that will positively influence their opinion of your business moving forward.

**Recommended earning limit:** Once / month **Recommended points awarded:** 50



Set up a variety of ways to earn points is one of the most important elements of a successful points program.

**ASSESS YOUR EARNING RULES** 



# How will customers redeem points?

If your rewards program is a rocket, the rewards you offer are the fuel that actually gets it off the ground. Since they're the primary motivator for getting your customers to join, they need to be valuable to your most loyal members.

The following rewards are proven to be highly valuable to most customers.



**Free shipping** 

54% of shoppers will abandon their cart if shipping is too expensive, making this one of the most valuable rewards you can offer. Knowing that they can save big on one of the more costly pain points in ecommerce will get them to purchase again in pursuit of this seemingly small but extremely impactful reward.



#### **Dollars-off discounts**



Transactional discounts like this are the heart and soul of many reward programs because customers always want to save money. When every dollar they spend gets them closer to future savings, your customers are less likely to leave you for a competitor, leaving you with happy, loyal customers who are ready to shop again.

#### **Recommended Spending Rules:**

Reward	Cost
\$5 off	500 points
\$10 off	1,000 points
\$25 off	2,500 points



#### Percentage discounts



Like dollars-off discounts, percentage discounts give your customers the monetary rewards they're looking for. However, unlike dollars-off discounts, the monetary value of percentage discounts isn't set in stone, making their perceived value higher than their actual value. This will push customers to increase their basket size in order to take full advantage of the percentage discount they're redeeming.



Take your points program further with rewards that get your customers excited to engage.

ASSESS YOUR SPENDING RULES



# Branding your program



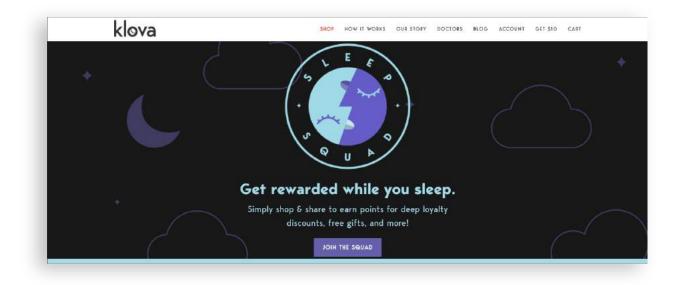
#### Give your program a unique name

Your program's name can have a huge impact on its overall success. With so many other points programs out there, yours won't stand out with a name like "Rewards Program." Having a memorable name will make a great first impression and get customers excited to engage with it in the future.

You can do this in a number of ways. Alliteration, humor, and exclusivity are all great elements to incorporate into the name of your program. Another great tactic is to incorporate an emotion that aligns with the rest of your brand. For example, if you sell gym apparel you might want to choose a name that inspires confidence and strength. A cosmetics brand, on the other hand, might want to evoke ideas of beauty and femininity.



#### **Example: Klova's Sleep Squad**

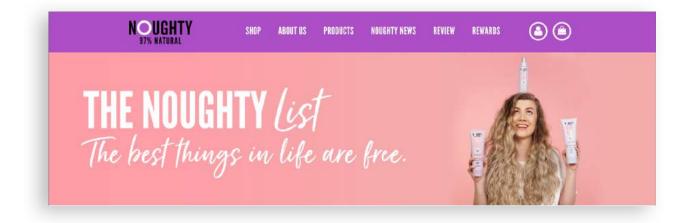


#### Why we love it:

Klova's Sleep Squad uses alliteration to make their program easy to remember. By starting both words with the letter "S", the name rolls off the tongue and makes it fun to say. They also create a sense of community with the word "Squad," making it a group customers will definitely want to be a part of.



#### Example: Noughty Haircare's The Noughty List



#### Why we love it:

Noughty uses a cheeky play on words to tie their program to their target audience. Compared to something generic like "Noughty's Loyalty Program," "The Noughty List" sounds like an exclusive group you want to be a part of. Imitating the idea of a VIP list, this program name makes sure that every customer feels like they're part of something special.



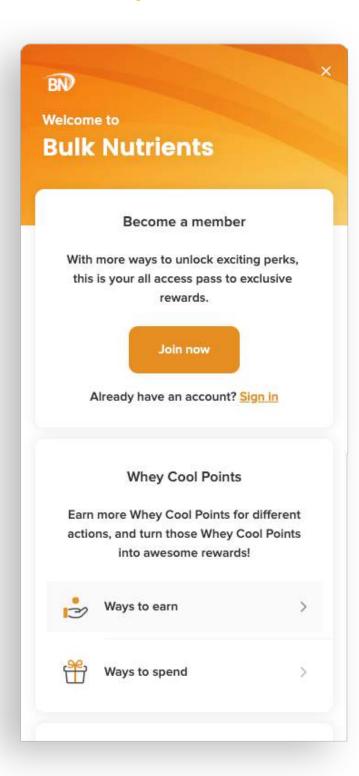
## Come up with a catchy currency name

When it comes to earning rewards, there's nothing more boring than simply collecting "points." Even though customers are joining your program for the rewards, a catchy currency name enhances the rewards experience from beginning to end, making it more appealing.

Your currency is also another powerful way to tie your program to what makes your brand unique. Like with your program name, puns and humor are two great ways to differentiate your points program from your competitors' while also adding more value to the points themselves. After all, it's hard not to care about earning something that sounds cool, right?



#### **Example: Bulk Nutrients' Whey Cool Points**



#### Why we love it:

Bulk Nutrients gets an A+ for their currency name. While they might have kept the word "points," their play on the expression "way cool" excuses it entirely. By associating their currency with a phrase that means extremely awesome, they elevate their currency's prestige and make it much more fun. Whey protein powder is also one of their most popular products, making the association between their product line and rewards program extremely clear.



#### **Example: Kristalize Jewelry's Jewels**



#### Why we love it:

Customers won't be excited to earn points in your rewards program if they don't see the value in them. Kristalize emphasizes the value of collecting their currency by calling them "Jewels." By rewarding customers with points named after something extremely valuable, Kristalize makes their currency extremely desirable, elegant, and luxurious.



## Use brand colors

To provide an experience that is truly unforgettable, your points program should match the look and feel of the rest of your branding. This not only seamlessly ties your program into the rest of your onsite experience, but can also help communicate your brand's values and personality.

Colors play an extremely important role in how customers understand and remember brands, so make sure shoppers can remember yours!

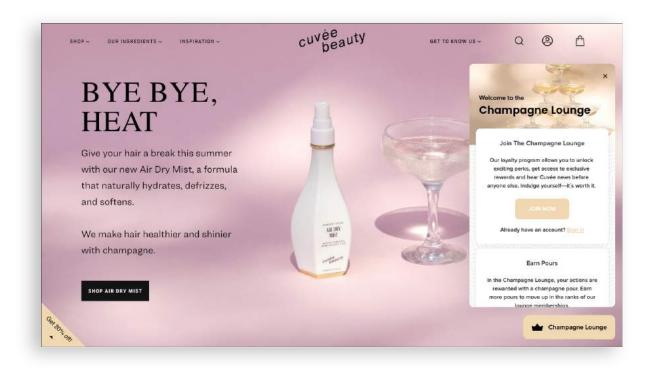


We've got even more great branding advice in our quick and easy 5-step guide.





#### **Example: Cuvée Beauty**



#### Why we love it:

Cuvée Beauty doesn't just use colors to match the rest of their website they also use colors to communicate the luxurious story of their brand. With products infused with champagne, the light gold and blush tones match the rest of their store and bring their products to life, make every shopping experience a luxurious one.



#### **Example: Jimmy Joy**



#### Why we love it:

Jimmy Joy uses color to breathe life into their points program. With a cast of original characters featured on both their products and all over their website, they were able to easily tie their rewards panel to the look and feel of the rest of their site to make the whole thing come alive. They also paid close attention to the shape and color of their program launcher to strengthen the connection to their fun, recognizable logo.



### Use engaging visuals

People like pictures. When given the choice between reading huge blocks of text or looking at a picture, your customers will always choose the latter - so give them what they want! Incorporating branded visual elements into your program helps tell the unique story of your brand, making it easy to spot and more attractive than your competitors.

Even though graphics don't impact the functionality of your program, they definitely have the power to increase the perceived quality of it. It's like adding the Nike swoosh to a pair of shoes - your program's visuals are the finishing touches that add value and inspires confidence in your program.



#### **Example: Skullsplitter Dice**

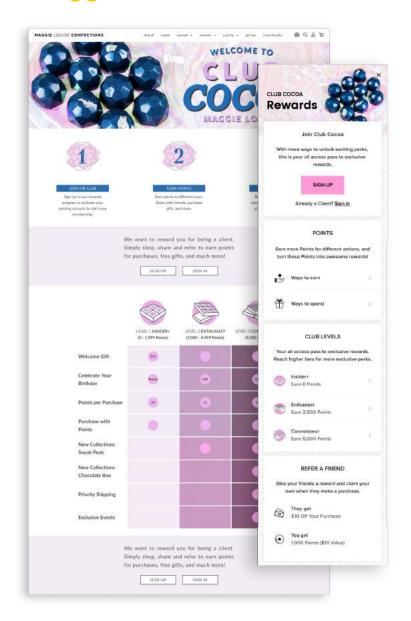


#### Why we love it:

Everything from their explainer page to the program launcher feels like you're playing a board game. As a game company that sells high-end dice for playing board games, this is a fun and appropriate way to represent the different elements of their program.



#### **Example: Maggie Louise Confections**



#### Why we love it:

By prominently featuring the same images and iconography throughout their entire rewards experience, Maggie Louise Confections' rewards program is unmistakably theirs. With product photography and customdesigned icons throughout their rewards panel and explainer page, they are doing a fantastic job of branding their program as a sweet, rewarding experience.



## Promoting your program



#### Build an explainer page

An explainer page becomes the central hub for your points program. The goal is to create a page that answers all of your program's FAQs at a glance. From how points are earned to how customers can spend them, your explainer page should make your program easy to understand even easier to use.

Use visuals and minimal supporting text make sure customers can absorb information quickly while also getting them excited to start earning points! Put yourself in your customers' shoes and design a page that makes you want to join just by looking at it.



#### Example: ESTHER's Royal Rewards

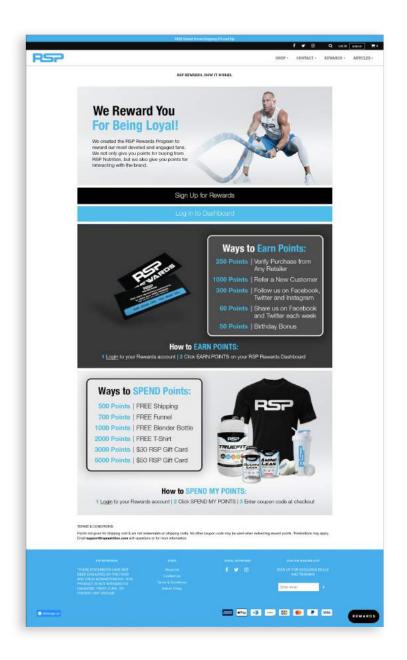
	Royal REWARD	5		
1	Are you ready to become a roya			
ALC: NO	JOIN NOW SIGN			
1. Alexandre				
Join Royal Rewards	Earn & Redeem Points	Î ă	avish in the Goo	xd Life
Earn 500 points for becoming a royal and be	The more you spend, the more reuseds	Dean II	e rewards of being th	e druger that
the first to know about our special	you'll receive. Make your way up the	уон	are! This includos fre	io shipping.
promitions & giveaways,	hierarchy for extra parks.	DP	Piday breats and so m	ach mora.
	Perks of Being a Royal			
	12 1212	1000	~	
100 8	Mar 12-1	111	63	
TCB Annual		E Sugras Pagaras	Sale Pre-release	
· · · 800	ry & Dataire Detaile		Sala Pre-release	
Pres Stapping Annuaria	ry & Dataire Detaile	Supre Proses	Sale Pre-visans	
Pres Stapping Annuaria	WHAT IT MEAN TO BE Koya	Sagarba Presaras		e Esther within 1
Pres Stroping Pres Stroping Birthday fa	An and a starting and	Saptas Phases	ied on your spend is entire following yea Gold	Platinum
The Strains Arrival Britiship is The more you shop. If a more you'll enjoy the ro- ostendar year (Jan-Dec). Once yo	And Enteriore Enterior Enteriore Enterior Ent	Saptas Phases	ied an your spend i	
The Stepring Print Stepring Print Stepring Print Print Stepring Print Pr	And Andrew Contractions of the second	Sapths Process Sapths Process Sapths Process Sapths Process Sapths Process Sapths Process Sapths Sapths Process	ied on your spend a entire following yea Gold (\$750-\$1.400)	Platinum (\$1,500+)
The more you shop, the more you'll enjoy the ro- obtendar your clan-back. Once you Reswards Eam points per 55 spent	And the state of t	bactus Process Sactor Process (be calculated bee rds of that lier the Silver (\$250-5740) 2 points	ed on your spend ontine fotlowing year Gold (\$750-\$1.499) 4 ponts	Platinum (51,500-) 6 points
The more you shop. The more you'll enjoy line to obtained in your Clan-Deck Choo yo Rewards Emponts per 5s spent	A Latin Control Contro	Saptable Phases Backback Phases be calculated bee to of that life the the Silver (Sizgo-Size) z points the the calculated beet size that the the the size that the the the the the the the the the th	ied on your spend a entric fotowing yea Gold (5750-51.499) 4 pents W	Platinum (\$1,500+) 6 points
The more you shop the more you'll enjoy the to obtained in your clan-bool choice yo Rewards Earling for Earling for the points per \$1 spent    100 you have a standard your clan-bool choice yo Rewards    100 you have a standard your clan-bool choice yo Rewards    100 you have a standard your clan-bool choice you have a standard your clan-bool choice you have a standard you have a standard in the	A Large Conserve Constants for the constant of	Suppress Preases	ed an your spend a note following yea Gold (\$750-\$1.499) 4 pants 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Platinum (\$1.500-) 6 points 22 24
The more you shop. The more you'll enjoy the to obtained in the state of the state	A Large Constraints of Large C	Superties Preases Source Preases Source Preases Source Press Source	ied on your speed of the following you Gold (S750-St.2000) 4 peets 실 실 입	Platinum (\$1,500-) 6 points 산과 산과
The more you shop. The more you'll enjoy the to obtained in the more you shop. The more you'll enjoy the to obtained ryser (Jan-Doci Choo yo Rewards : Eam points per \$s spent \$20 Voucher When You Refer A Friend Esclarow Royal Zowaneys Estie Pte reliazes Bietriary Rewards	A Large Constraints of the second sec	Suppress Preases Suppress Preases Sector of that Life of the Con- Sitver S	ed on your speed of the following you Gold (S750-St.2000) 4 peets - 111 - 11	Platinum (51,500-) 6 points 산 산 25% OFF
The more you shop. The more you'll enjoy the ro- obtandar year Clan-Deck Choo yo Rewards Ean points per \$2 spont Bto Voucher When You Refer A Friend Exclusive Royal Dowaneys Este Pre-relates Bit four Rewards Este Pre-relates	An and a second	Supprese Prevaies Supprese Prevaies Sector Sector S	ed on your speed. Gold (S750-51.499) 4 poets - 11 - 11 - 11 - 11 - 11 - 11 - 11 - 1	Platinum (\$3,500-) 6 peints & & & x zski Off zski Off
The more you shop. The more you'll enjoy five to obtained in the strength of the second obtained in the strength of the second obtained in your Clan-Deck Choice you Rewards	An and a second	Suppress Preases Suppress Preases Super Landow Solution Solutio	eed on your speerd of crites following you Gold (S750-St.4000) 1년 1년 1년 2015 2015 2015 2015 2015 2015 2015 2015	Platinum (55,500-) 6 points 산 산 25% OFF 산 50
The more you shop. The more you'll enjoy the or obtender your Clar-Deck Onco yo Rewards Eam points per St spent Bito Voucher When You Refer A Friend Exclusive Royal Clausanys Sale Prin reliates Bito Voucher When You Refer A Friend Exclusive Royal Clausanys Sale Prin reliates Deficient Research Ster Clary Research Use or Share Us on Fracebook	An and a second	S S S S S S S S S S S S S S	eed on your speed of crites following you Gold (S750-St.4000) 1월 1월 1월 201 201 201 19 10 10 10 10 10 10 10 10 10 10 10 10 10	Platinum (51,500-) 6 points 10 10 10 25% OFF 25% OFF 50 520 OFF

#### Why we love it:

ESTHER's explainer page gives you all the information you need to want to sign up in less than 5 seconds. They've also made their page visible with a link in their footer, letting this one page do all the heavy lifting of convincing a customer to join their program.



#### **Example: RSP Nutrition's RSP Rewards**



#### Why we love it:

By showcasing the rewards customers stand to earn in their rewards program, RSP Nutrition uses their explainer page to make their points program extremely desirable. With the rewards and points earning structure on display before shoppers have even made an account, customers can tell there is value in the program right from the start.



## R Place CTAs around your site

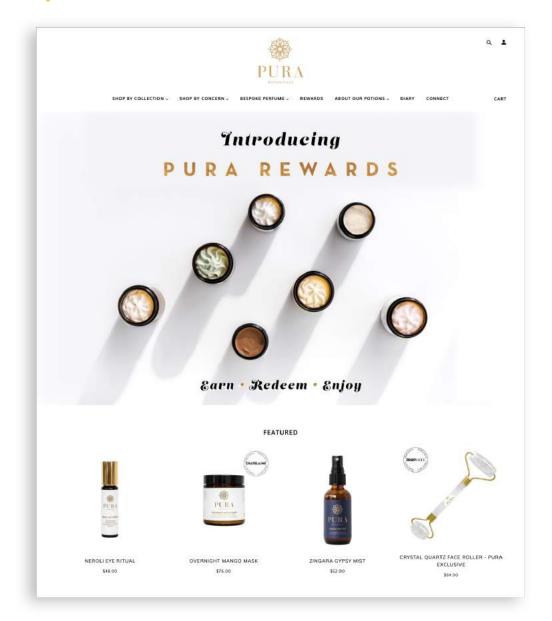
An explainer page isn't the only way to draw attention to your rewards program. Banners, navigation links, and custom imagery are also effective ways of pointing customers towards your program. Whether these calls-to-action link to your explainer page or simply prompt customers to create an account, they're most effective on pages that get the most traffic.

Your navigation bar is one of the first places new and returning customers will look after arriving at your site. This makes it the perfect place to promote your rewards program! Simply including a link to your explainer page or an eye catching banner at the top of every page will create more opportunities for customers to find and interact with information about your program, eliminating the risk of them not knowing about it.

Another effective strategy is to display how many points customers are missing out on when they make a purchase without an account. This can be placed on every product page so customers are aware they can earn rewards before they even make their first purchase. In doing so, you can clearly display the value of shopping with you instead of a competitor.



#### **Example: Pura Botanicals**

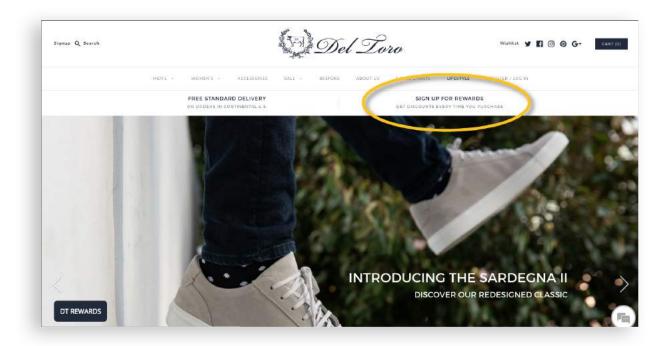


#### Why we love it:

When they first launched their program, Pura chose to showcase it on their homepage because they knew that's the first place customers go to gather information about their brand. This beautiful announcement was supported by email marketing campaigns and a visible program launcher, making their VIP Rewards program impossible to miss.



#### **Example: Del Toro Shoes**



#### Why we love it:

While this CTA isn't as blatant as Pura Botanicals', it's just as effective. By building out a section with more space for text, Del Toro is able to grab their customers' attention before they start shopping. As one of the first places new and returning customers look, your navigation bar is a high-traffic area of your site that's perfect for promoting your rewards program.



### Use program nudges

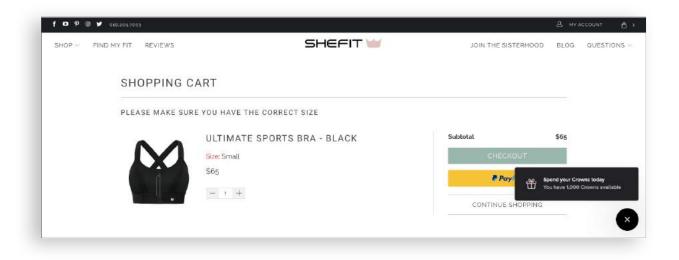
When customers get caught up in the excitement of exploring and purchasing your products, they might forget that they have points to spend or rewards to redeem. That's what makes Smile Nudges the perfect tool for keeping your program top-of-mind! These on-site reminders make it easy for your to boost engagement in the moments that matter, encouraging customers to use their points when they're most likely to.

The points spending and recent reward nudges are especially good at this. When customers experience the joy of turning points into a reward or are reminded that they have rewards they can redeem right away, you can strengthen the emotional connection they have with your brand and increase the odds of them engaging again in the future.

Best of all, nudges don't detract from your existing customer experience — instead, they add to it by making value easier to see and even easier to take advantage of! Combining these immediate reminders with an effective email strategy is the perfect way to make sure customers never forget how much they love and care about your rewards program.



#### **Example: SHEFIT**



#### Why we love it:

With a points spending nudge, SheFit is able to easily remind every customer to redeem their hard-earned rewards without interrupting their customer experience. This establishes a sense of trust between them and their program members, letting every SheFit member know that they always want them to get the best value from the Sisterhood Rewards program.



Discover everything Smile Nudges can do to boost your program engagement.

LEARN MORE





Email marketing is a fantastic opportunity for you to re-engage with inactive customers by showing them the value of joining your rewards program. Offering an incentive for revisiting your store creates an opportunity for them to rediscover what they loved about your brand in the first place, while also increasing your program's member count.

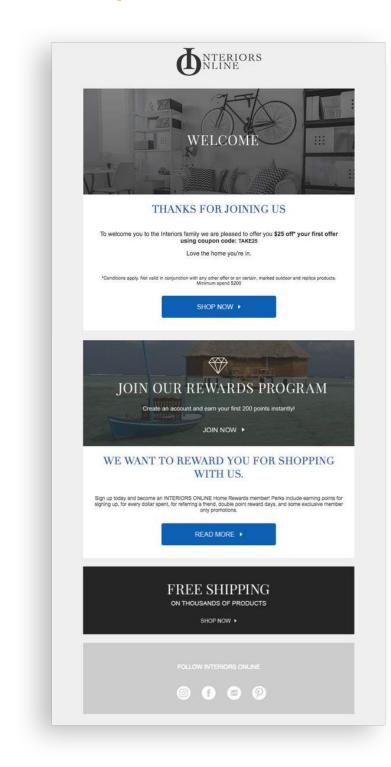
You can incorporate your program into your email strategy in a number of ways. One of the easiest is simply to include a CTA at the bottom of existing messages. This lets customers know your brand has more value to offer without detracting from the rest of your message.

You can also choose to run campaigns that focus specifically on different aspects of your rewards program. Here are a few effective email campaign ideas:

- Announce the launch of your program
- Send a welcome email with free points when someone joins your program
- Run a double points event for a week and advertise it through email



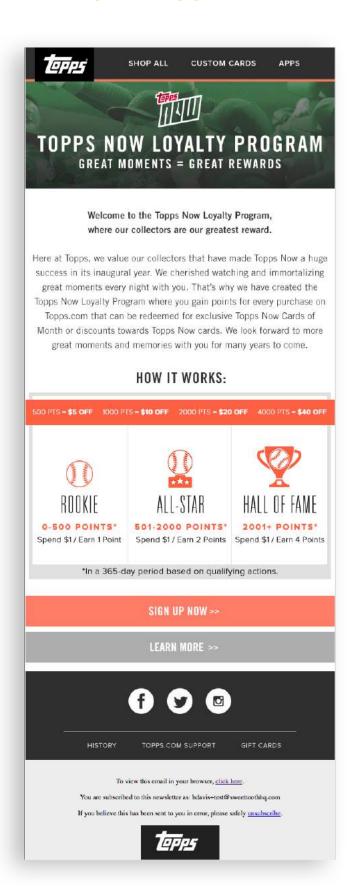
#### **Example: Interiors Online**



#### Why we love it:

This email from Interiors Online is a great example of how to incorporate a new program into an existing email marketing strategy. This one thanks their new email subscribers with a welcome coupon and encourages them to join their points program to earn even more rewards. This type of additional value ensures that their customers will continue opening their emails in the future.

#### **Example: Topps**



#### Why we love it:

With Topps Now, Topps is committed to putting their customers first, and they make that very clear with this email. In this simple email, the sports brand lets all of their longtime (and new!) loyal customers know that they are finally being rewarded for engaging with the brand. With details on the rewards they can earn and why the program was started, Topps is introducing customers to a program that is sure to exceed expectations as it continues to evolve.



## ☐ Highlight it on social media

Since many of your customers spend a lot of time on social media, promoting your program on channels like Facebook, Twitter, and Instagram is extremely important. Shoppers who already follow your brand are much more likely to want to join your program because they've already demonstrated they're interested in you.

Let them know when you're program's launching, what they can earn by joining, and how they earn points to spend on rewards. This will hype up your program around the time of launch and maximize the number of people who are signing up.



Get inspired by other brands taking their rewards program to the next level with social media.

**READ MORE** 



#### **Example: Elbowgrease**



#### Why we love it:

This Instagram post from Elbowgrease shows off what their rewards program looks like, features an attractive \$30 off reward, and easily allows customers to join by clicking a link. By attaching hashtags to their post, they were able to increase its discoverability and maximize enrolment in their new program.



# **Never stop improving**



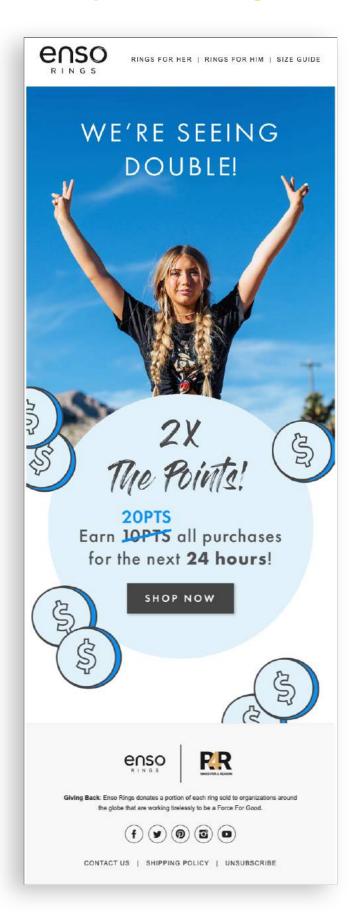
Running a bonus points event will get your current customers excited and encourage new ones to join your program. Earning bonus points means that shoppers will see a higher return for each dollar they spend, creating buzz around your program and the value it delivers.

The best part is that it benefits both you and your customers: they earn more points per purchase, while you experience higher spending and increased sales.

It's best to promote your event with email, social media, and on your website. Since your bonus points event carries such a high value for the customer, they will start looking forward to receiving your emails and will become accustomed to regularly checking your site in anticipation of your next event.



#### **Example: Enso Rings**



#### Why we love it:

Enso has run many double points events for their loyal customers. These promotions are easy to understand and make it impossible for Enso customers shop at a competitor because of the incredible value they can get per dollar spent.

These evets are shared with members through pre-existing email marketing workflows, maximizing visiblity and making it easy for customers to start shopping and earning right away!

#### - Introduce new ways to earn and spend points

Your customers like to engage with your brand in new and exciting ways. Diversifying the ways they can do that will pump some new life into your program and encourage new or inactive program members to get engaged.

If you're not rewarding them for following you on social media, try it! If customers aren't leaving product reviews, why not reward them for it? Offering a healthy variety of ways to earn will get your customers excited to come back to your site again and again, without ever stopping to think about your competitors.

The same goes for your rewards. Since rewards are what your customers are after, introducing new ways to spend points is one of the best ways to improve your points program. You won't have the perfect assortment of rewards right from launch, but that's OK! Improving over time is more important than launching the perfect program.

Asking for and listening to customer feedback is a great way to figure out what your customers are looking for in your program. Based on what they have to say, try experimenting with different rewards and track how often customers redeem them. If some aren't as popular as others, don't sweat it - there's always something new to try!



#### Not sure which rewards to try out next?

Start by incorporating these rewards to spice up your program:

- Offer a free shipping reward
- Offer a variety of gift cards with different dollar amounts
- Offer your best selling product for free in exchange for points

#### Email your customers post-launch

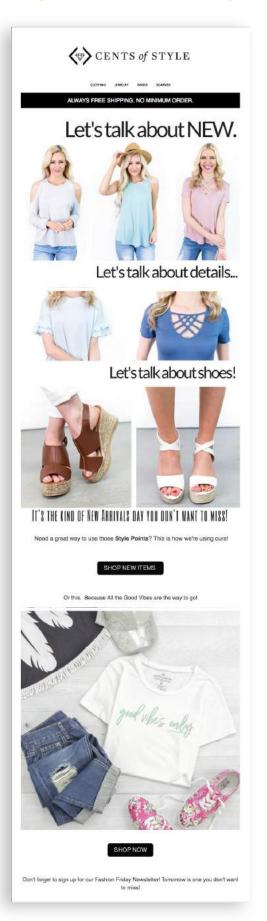
One of the biggest factors in ensuring your program's long-term success is how effectively you reach your customers through email. Your customers already have an inbox full of generic mail, so you need to make sure your messages stand out.

Segmented marketing is the best way to send out emails regarding your points program post-launch. This means that emails get sent only to particular customers based on certain conditions. For example, sending an email that says "you are only 30 points away from earning a \$5 off coupon" is much more appealing than one that says "you need 500 points to get \$5 off." That's because the latter isn't specific to the customer's situation. Showing your customer how close they are to their next reward goal increases their motivation to achieve it.

You can also include their points balance in the emails you already send. This serves as a helpful update on their progress, but also gives them a reminder to periodically check back with your rewards program!



#### **Example: Cents of Style**



#### Why we love it:

Cents of Style adds a personal touch to their marketing campaigns by highlighting their team's favorite pieces from each new collection of clothing and encouraging their customers to spend Style Points on them. By associating their program with the latest trends, they're able to catch the most fashionsavvy customer's attention and convince them to spend their points balance on a brand new wardrobe.

## Contact Information.

sales@smile.io 1-855-699-9322 **Visit us at <u>smile.io</u>** 

### **Author Information.**

**Kirsten Burkard** Økirstenburkard



