

# 7 REASONS WHY

## YOUR REWARDS PROGRAM

**MIGHT FAIL**



A full

# 38%

of consumers are not interested in joining loyalty programs due to their lack of perceived value. (1)

Your loyalty program can bring incredible value when it's done properly. On the other hand, a poor solution will disappoint your customers and might fail in a short amount of time.

Look at some of the reasons why your rewards program might fail – and do not reproduce a single idea! 😊

#1

### IRRELEVANT REWARDS

This is one of the most common mistakes that a business can make. When your loyalty program is designed in a way that it takes too much time to start earning rewards, or that the offers are not personalized, your customers won't be interested in becoming a part of your loyalty program as they won't perceive any added value for them.

For example, Ben's Homemade Pizza has a loyalty program that offers its members 5 points for every \$1 spent. In the loyalty structure, a member can redeem an offer only when they've reached 2,000 points. Which means, a customer needs to spend \$400 in order to redeem the most basic reward.

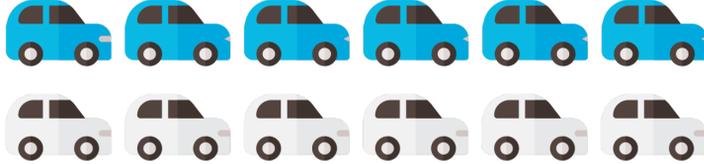
#2

### OVERLY GENEROUS BENEFITS

Contrary to the point above, offering too many offers and rewards to your members might put your company out of business.

#### Tesla offered 6 months of free supercharging

upon purchase of a new Tesla. This severely affected the company's profits. As a result, the company had to revamp its loyalty program (2).



Offering too much can also lead to the effect of the Law of Diminishing Marginal Utility: no matter how exciting the offers are, customers will eventually get bored if you keep holding special promotions.

#3

### LACK OF MEMORABLE CUSTOMER EXPERIENCE

Nowadays, merely offering your customers with discounts and rewards is not enough. Customers' expectations are higher than ever – expecting unforgettable experiences, in-store and online.

Sephora lures in their customers frequently by offering recurrent, yet useful & personalized deals that enhance customer experience.

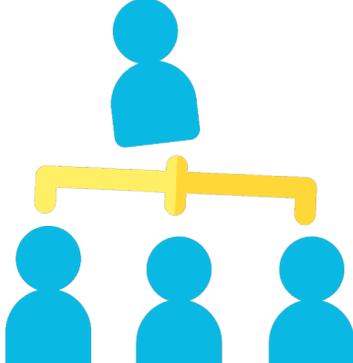


#4

### CONFUSING LOYALTY PROGRAM STRUCTURE

Keep your loyalty program simple and easy to understand and remind. **If your customers don't understand it, they may not use it.**

Moreover, if your company keeps adding new terms and conditions to the loyalty club on a regular basis, customers are bound to get frustrated. The best way to spice up your loyalty program is to have a well-designed explainer page when a new reward or feature is added.



#5

### FAULTY UI



If your loyalty program has broken links or badly designed App, it can make it look less appealing to join and customers might head for the door.



Your customers are used to good and fast responsive UI.

#6

### COMPLEX SIGNUP PROCESS

If your customers are required to fill in pages of information during registration, chances are, most of them will abandon the process of signing up to your loyalty program.

**Your members are looking for quick and convenient actions.**



#7

### CUSTOMER STATUS NOT DISPLAYED

**When a customer does not know how close they are to the next goal, it can be hard to motivate them to earn points.**

By reminding customers of the points they've accumulated and how close they're to their next reward, you'll boost them to come back to your store.

This can be done by sending push notifications, in-app messages, SMS or emails.

**Keeping your members engrossed in your loyalty program is not a daunting task, especially when you know what mistakes you can avoid. Start revamping your loyalty program today and forget about the churn!**

