



GUIDE

TRANSFORMING YOUR LOYALTY STRATEGY

5 Methods for Boosting Client Loyalty and Engagement



As a manufacturer or distributor, you know the value of having loyal and engaged clients. You work tirelessly to ensure that you deliver the right product, services and experiences to earn their loyalty. Your budgets may already reflect these initiatives, but you know there's always more to do. This resource identifies 5 methods to consider when creating or planning for change within a loyalty strategy. While you are reading, be prepared to reflect on your current plans using the workspaces provided.



1/ Know your clients and their buyers

With the wealth of data created every day – what your clients buy, when they buy, how they use what they buy and how they rate your brand – you have access to information about what they value. With that access, you know what you should offer and how you should offer it to maximize a welcome engagement opportunity. Your clients want to be seen and treated accordingly. Do you see what is important to them? Is it savings, experiences, prestige, access, exclusivity or all of these? Do you know when and how they want to be seen and are you serving them in the right channels?

Practical Applications:

- a) Offer your clients rewards choice and control – Balance savings and points against other benefits like access, experience, status and exclusivity to ensure you have the right combination of rewards that they value. Also consider treating the individual buyers separately from the client profile. This will encourage better program uptake and reward redemption, improving engagement with the program and your brand.
- b) Enable omni-channel engagement – There's no such thing as a single channel buyer anymore. The journey often starts in one channel and finishes in another. Use a loyalty program as a valuable data hub to connect the channels creating unified member experiences, communication cadences and promotion relevance.

Retailer Example:

A national pharmacare group saw their clients simultaneously as both buyers and caregivers who need access and personalized support in their health and wellness support journeys. As part of a global healthcare ecosystem, they knew they could establish an integrated journey in-store, online and in-app in support of a personalized experience valued by their clients. To execute against their loyalty vision, Exchange Solutions helped them launch an omni-channel loyalty program designed to make health care easier and more rewarding for their clients. Not only does the program integrate a personalized journey through offers on everyday health and wellness products available on shelf, it also incorporates rewards and broader access to the personalized relationship each client needs with their trusted account manager.

How well do you know what your clients value? As an organization, how are you prioritizing and responding to those needs? What behaviors are valuable to you? Cross-team, how are you measuring those values and their impact to your business goals?





2/ Be the Expert. Trust the Expert.

No one knows your business like you. As you own your field, the right vendors and partners own theirs and should be leveraged as a complement to your business. Do you trust that your technology partners understand and lead in the right areas, such as loyalty, personalization and engagement? Do your partners appreciate your insight about your industry, your clients and buyers, and your business objectives? Are you open and connected to the right experts so that together you can achieve your loyalty and engagement vision with diversity of perspective?

Practical Applications:

- a) Form strategic partnerships – Broaden the appeal and earning power of your loyalty program while still ensuring your data and program ownership.
- b) Audit your technology portfolio – Enable integrations among the right vendors and marketing technology platforms to leverage their program design expertise and optimization services. Use data shared across those connections to enrich loyalty member profiles, enable better personalization and achieve deeper engagement.
- c) Apply a SaaS/Managed Services hybrid model to your day-to-day operations – Not only should you leverage your vendor’s experience through managed services, you should also have access to everyday actions and learning through SaaS tools your own team resources can control on demand. The right vendor should offer options that fit the way you need to run your business, rather than telling you how you must run your business.

Partnership Example:

Our clients inform us of their business objectives and what behaviors are most important to their business. Our collective teams work together to define personalized offers that would reward both clients and individual buyers only if desired behaviors are completed. The offers are presented with the right amount of incentive to reward clients and their buyers for behaviors like:

- subscribing to marketing channels to maximize education of relevant messaging
- downloading an app for more routine engagement
- increasing frequency and volume of product purchases

Collaboration efforts should always have a goal to serve your client best, keeping them engaged and earning their loyalty.

As an expert in your industry, identify an emerging client need you must meet to remain the top choice against your competition. Next, picture the first discussion with your team and partners, are they excited by this big idea and adding value to help you innovate?





3/ Launch It. Don't Wait.

The idea of a broader launch can either propel retailers to action or incite fear. Is your organization willing to launch the minimum viable program, then learn? Push your way through the discomfort of getting it perfect and aim instead for progress. Launching to the public means you'll gain larger amounts of client feedback, buyer feedback, vendor input, industry critique and more – all of which will help you understand on a grander scale what's working and what can be improved.

At your organization, who owns gathering and analyzing post-launch feedback? How often and how easily can you make changes to your initiatives and programs?

Practical Applications:

a) Pioneer new opportunities – Investigate emerging trends and how they can serve as new channels or experiences in which to engage with your clients. Are enough of your clients interacting in these spaces already? If so, be the first to offer them if possible, or at the very least be the best in the longer term.

b) Use SaaS tools to your advantage – Get in the driver's seat and apply change faster. Platforms should empower teams to make change, allow businesses to operate their programs independently at their preferred pace, and implement larger, broad-scale enhancements quickly and intelligently.



4/ Test and Learn

Create opportunities to test, to fail and to pivot fast, learning from new information that becomes available. When your organization is closed to the idea of learning from experiments and innovation, can you still say you are ready to grow with your clients? Get comfortable with hypothesizing, executing, analyzing and adjusting by implementing small, controlled pilots. When building your test strategy, leverage your vendor's SaaS tools for straightforward tests and their managed service expertise for more complex scenarios.

Practical Applications:

a) Invest in better loyalty promotion targeting – Test applications of advanced analytics and learn from them in real time. AI-driven personalized offers give you a wealth of learning that should be simple to interpret and implement.

b) Run your program as a profit center, not a cost center – the right tests, especially regarding offers and benefits, should create a win-win for both your business and the client longer term. Focus on optimizing the exchange of value with your clients and buyers ensuring loyalty promotional spend is driving incremental and profitable behavior, as opposed to rewarding consumers for behavior they would have performed anyway.

Retailer Example:

A national brand partnered with Exchange Solutions to improve engagement and optimize promotional spend. During a pilot for personalized 1:1 offer presentation, performance was improved after testing a few different aspects of offer execution:

- Creative and content adjustment, which drove better offer engagement and higher acceptance rates
- Eligibility criteria were narrowed, which shrank offer exposure but was made up for by increased basket sizes
- Incentives were optimized to protect margin and presented as '\$ off' instead of '% off'. This improved consumer conversion over other more expensive promotions that delivered less return on promotional spend.

Think of one initiative you want to implement related to earning client loyalty and improving engagement. Then identify what blocks you from testing it out. Lastly, identify what or who you need in order to unblock this change. Are there other initiatives you can think of in this framework?

Initiative	Blocker	How to Unblock



5/ Evolve and thrive

The program you launch should not be the exact same program you’re operating one year later. Programs that succeed at earning client loyalty and continuous engagement accept that strategies and tactics must evolve to keep up with the changing retail landscape. How else do you continue to align your offering with what your clients and buyers value if not by adopting a growth mindset to stay relevant?

With time in market comes learning and if you’ve laid the right foundation, it shouldn’t be painful to access that information and gather evidence to help you make decisions about what to stop, start and continue as you execute against your loyalty strategy.

Practical Applications:

a) Give and take room to grow – Regularly assess your program for what is going well and what can be improved. Use the metrics for client engagement to determine what needs to be optimized:

- **Seeing <25% of your loyalty members earn rewards?** This could mean low engagement with your program. If it’s too high, you might be over-spending – look closer at how much value your business is getting in return for your reward spend.
- **Yearly breakage >15% and rising?** If you’re expiring >15% of incentive balances, this may suggest weaker reward value. It also may mean your members aren’t engaged enough to use their balances – audit your portfolio and test redemption options that are more appealing to your clients.

b) Leverage vendor expertise to help you through your evolution – Ensure your enhancement roadmap aligns with your vendor’s innovation plans. If they don’t, work with your vendors to come together on expectations, which should alleviate some of those pain points that may get in your way.

Today is Day 1. Reflect on how your organization is currently set up to measure and earn client loyalty and engagement. What areas do you see evolving in Years 1, 3 and 5? What do you need to stop, start, or continue? Who do you see owning these areas of growth and change?

	Year 1	Year 3	Year 5
Stop			
Start			
Continue			

Circling back to our original premise that loyalty is an exchange of values between businesses and their clients, end this exercise with a reflection on these questions:

Considerations	
What do you offer that clients value: savings, rewards, experiences, access, prestige? How do you know they value these?	
What do your best clients do that you value and wish all your clients would do as well?	
Are you ready to transform your loyalty strategy?	

As you moved through this guide and took time to reflect on your current loyalty strategy, we hope you found value in the insight and advice we've shared.

Are you ready to share some of your answers? Have you uncovered more questions? Have you determined you need more help navigating this journey of transformation?

Contact our team directly by emailing marketing@exchangesolutions.com, or visit exchangesolutions.com to learn more.



About Exchange Solutions

Exchange Solutions is a cloud-based marketing technology company that delivers personalized loyalty solutions to retailers enabling them to build deeper and more profitable engagement with their consumers. With more than 25 years of experience in the industry, Exchange Solutions transforms loyalty programs and promotions from being costly applications to productive and profitable capabilities for clients across various verticals in the US and Canada. Current clients include businesses such as Esso™ and Mobil™, Sobeys Inc., McKesson, Indochino, Petro Canada, and White Cap.

