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Loyalty Helps Retailers Motivate Change

Payoffs for program can be great, says Keenan, but cautions to assess ROI

By [JERRY SOVERINSKY](#)

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CHICAGO -- "It's easier to motivate a behavior than create an emotion," began John Keenan, managing partner at Anthem Marketing Solutions, at the NACS State of the Industry Summit's Marketing/Current State of Loyalty general session in Chicago.

Addressing the merits of loyalty programs and the potential for success within the convenience store industry, Keenan's insights argued for participation while cautioning that the road ahead is fraught with challenges.



John Keenan

"This requires a big commitment," Keenan said, one "that you must continually monitor to justify." But for those who are committed, the payoffs can yield the Holy Grail for retailers: increasing the frequency of customer visits, increasing spend per visit, and creating new occasions for visits.

Keenan cited a number of best practices for those looking to leverage the full potential of loyalty:

- Make it simple to understand and participate.
- Recognize and reward consumers for participating while making communications targeted and relevant.
- Create valuable incentives that change behavior without sacrificing margins
- Continually measure and evaluate performance.
- Make sure your employees are engaged in the initiative.

While a strategic loyalty program offers great potential for convenience store retailers, it doesn't make sense for everyone, Keenan said, and retailers should conduct a thorough return-on-investment (ROI) analysis before moving forward with what will be a costly initiative in time and labor.

"Look at how this is going to deliver a return for you," he said. "It's not enough to engage consumers if you're not delivering a positive ROI."

Following Keenan was Patrick Raycroft, managing partner at W. Capra Consulting Group, who provided insights on the technology and processes to consider as you assess deployment of a loyalty program.

To do that, he offered a few key questions that will help retailers determine an approach and the potential business impact:

- What loyalty program is best for my business?
- How do I implement the program within my existing business?

The answer to the first will be predicated on business objectives—whether you want to increase frequency, retain existing customers or attract new customers.

The second ties in to your existing technology infrastructure, which will determine your initial capability and any necessary investment to add additional capabilities.

Keenan recommended focusing delivery to mobile devices, which are becoming the de facto way to engage young consumers especially.

Finally, he said any loyalty strategy should include five components to ensure your brand and products are top-of-mind with your customers: marketing, payment technology, coalition/partnerships, customer relationship management (CRM) and social media. And whatever loyalty route you go, make sure you own the data, he said. It's the most valuable asset you'll produce from any loyalty initiative.

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