

5

Key Elements

to Measure Loyalty Program Success

The success of a loyalty program depends on how it fares against industry benchmarks in 5 key areas: customer satisfaction, business performance, technology, financials, and competition. With the help of a loyalty expert, brands should use a diagnostic tool that measures a loyalty program against these five key elements to identify gaps and potential enhancements.



Customer Satisfaction

92% of loyalty program operators believe their members are very or somewhat satisfied with their loyalty program but only 79% of customers feel the same way.

Measure customer satisfaction through a carefully designed survey which will provide insight into:



Attractiveness of the loyalty program and its individual parts – including the speed of re-awarding, status levels, and more



Willingness to recommend to friends (Net Promotor Score)



Customer Experience while interacting with the program



Customer Satisfaction Score (CSAT)



Customer Journey Consistency and Seamlessness



Business Performance

To setup and run a successful loyalty program, brands must set clear goals and KPIs that will allow their business to monitor the loyalty program's outcome and ROI. Key KPIs include:



Percentage of active vs. inactive members



Purchase frequency of members vs. non-members



% Transactions with loyalty card



% of Loyalty in Sales



% of Loyalty in Profit Margin



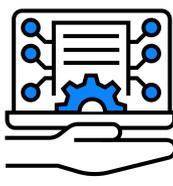
Average transaction value (ATV) uplift



Retention and churn rate



Redemption rate



Technology

More than 6 out of 10 consumers agree that loyalty schemes are often too difficult to join and/or earning rewards is too difficult, due to a number of factors, including lengthy registration processes and technical difficulties. Loyalty program members want to engage with their brand's program through new and emerging technologies that create a seamless experience. Evaluation of the organization's information technology infrastructure, security policies and operations connected with the loyalty program with respect to the following aspects is a must:



Systems performance



Scalability & Upgrade Readiness



UX design



System architecture and integrations



Innovations



Robustness of Business Processes



Financials

Loyalty program liabilities and revenues impact a company's balance sheet and income statement accounts. These financial items depend on the program value proposition and may be represented by the following:



Breakage (Loyalty Currency)



Loyalty Program Liabilities



Cost Per Point



Operational costs of running program (overheads, communication campaigns)



ROI



Competition:

57% of consumers have stopped buying from a company because one of their competitors provided a better experience. Competition is fierce in the loyalty space and as a result, brands should keep a dedicated eye on their key competitors through market studies and reports:



Size of the program



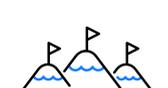
Features and member benefits



Program policies, such as the complexity of registration



Presence in marketing channels



Number of main differentiators

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