

HOW TO BUILD A LOYALTY PROGRAM THAT BOOSTS REVENUE AND RETENTION

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It may come as a surprise to you but I have never dealt with crack cocaine. But, after starting a loyalty program at my practice I think I might know what it's like. Loyalty programs can be found in almost any business these days anywhere from restaurants to retail stores to marijuana shops. What's all the hype about? Customer retention. It's a big deal.

Loyalty programs work for a variety of reasons. Let's explore a few.

Endorphin release- When you get a reward, dopamine and oxytocin levels surge in brain. These are the same hormones that increase when you get a compliment, hit the slot machine at the casino or pop out a baby. The purpose of these hormones is to increase trust and bonding. It's the body's way of saying "This is a good thing. Let's do more of this." When customers get rewarded for spending money, the positive hormone release influences their decision about the purchase which helps keep them coming back for more.

Fear of missing out- The fear of missing an opportunity to save yourself some money, get something for free, or have a better outcome is a very powerful feeling and one that can be leveraged in a loyalty program. If you have ever been shopping online and realized that if you spend \$15 more, you will get free shipping then find yourself buying something for \$50 that you didn't even need, you have FOMO'd. You feel like you beat the system when in all reality you just made a purchase you didn't mean to. Don't feel bad. It happens to all of us and we justify the action with the thought "Well, I was going to buy it anyway. Someday."

Don't be fooled though, not all loyalty programs are created equal and if you aren't strategic about it, you can easily build a fancy discount program. When it comes to creating a successful loyalty program, be sure to follow these 5 crucial rules:

1. **Keep it simple.** If your customer doesn't know or understand your program because it's too complicated, they won't engage with it. A good rule of thumb is that if you can't explain your program in 15 seconds, it's probably too complicated. The simpler, the better.

2. **Be universal.** Creating a program that targets your entire customer base will be more successful. Everyone will want to play whether they own a 6 month Golden Retriever or a 16 year old hyperthyroid cat. Programs that only focus on a particular segment of the customer base don't have as much impact as programs that target everyone.

3. **Make it attainable.** If your customers do everything you ask, they should get the reward in a reasonable amount of time. If the goal is too hard to reach, or has too many blackout dates and exclusions, your customers will wonder why they should bother and their behavior won't change.

4. **The reward needs to be something everyone wants.** Admittedly this is a hard one. If you are like a normal veterinarian, at first you will probably experience some anxiety to think about giving a cash reward (recommended as a credit towards a future visit) but what you must realize is that people don't actually want a free T-Shirt with your logo on it, or a gift basket of dog toys, or a free wellness exam. The clearer the value is of the reward, the more excited your customers will be to participate in your program.

5. Gamify it. When the customer is required to play a game or take action to participate in the program to “unlock” the reward, it has more value to them because effort was required and it feels more special. This is a big differentiator between rewarding and discounting. Creating a feeling that the customer earned the reward by following the rules and winning at the game will keep them coming back for more.

As our industry faces declining visits and and competition from online providers and big box retailers, adding a loyalty program can definitely be a strategic move for your business . Plus, it's just plain nice. There is quite a bit of joy in giving back to clients that take the best care of their pet. Our existing customers have significant potential to spend more with us. A lot more. It's just up to you to capture it.