According to the article “7 Customer Loyalty Programs That Actually Add Value” by Kendal Peiguss, she gives us 7 ideas to keep loyal customers. The 7 ideas include; using a point system, using a rank system to encourage more purchases, charging an upfront fee for value customers, giving some non-monetary and discount rewards to VIP customers, collaborating with other companies to make “all-inclusive” offers, making a game and “scratch the ‘program’ completely”. Out of those 7, there are 3 programs we are considering.

The first one is using point system, which Kendal states is the most common loyalty program method. The point system lets customers establish points and transfer the points for discounts, freebies and special treatment. Many companies are confused about how to transfer the points into tangible rewards, so Kendal suggests to make the program conversion easy and intuitive. Furthermore, Kendal give us an example of Boloco, a food company that has established their own rewards program. They measure the points as dollars and rewards in foods. Every value customer will swipe their Boloco card and the system will track their total money spent. Any food item after $50 spent will be free. At last, she states that a points system program is more suitable for encouragement of frequent and short-term purchases Since we need to increase the
purchasing frequency towards the marketing campaign, the point system rewards program is very suitable for us.

Moreover, charging an upfront fee is also good for us. Kendal claims that a one-time fee is actually beneficial for business and customers, by customizing an upfront fee to solve special barriers. She gave us an example of Amazon. Amazon used Amazon Prime to give VIP’s special treatment. It increased the frequency of purchasing, which will also help our sandwich restaurant to gain the marketing competitiveness. Furthermore, Kendal states that customers are willing to pay the upfront fee for the future convenience, as we can do the food delivery, we can set the upfront fee for free and prior delivery for the value customers.

Besides these two, collaborating with other companies is also good for our marketing campaign and rewards program. Kendal said that this idea is good for company’s growth and keeping customers. She gives us an example of American Express. American Express has many collaborations with several other companies and they receive a large benefit from it. In this way, Kendal states that the value provided to customers is far greater than what one company could do. The company needs to understand their customers and grow their social networks in order to reach their partners’ customers. So for us, we can collaborate with different banks, such as Chase Bank, Bank of America or Discover Bank. As there are so many people in Bloomington who are using cards from these three banks, the more people using these cards to make purchases, the more benefits our restaurant and banks can make.
Another article we researched is called *Customer Loyalty Programs: A Must Have Retention Strategy*. This article focuses on three main aspects of customer loyalty and ways to reward them for their loyalty to a particular store. It is a very important aspect in this day and age because of how many different options people have. For example, if you want to get a sandwich, you have subway, jimmy john’s, potbelly and which which, all in a one mile radius. The competition for consumers is why this is such a large and growing aspect for companies.

The first of the three ways the article talks about is the most common type. It is the rewards and discounts program to people who rack up a certain amount of points for shopping there. One possibility is to store this in a database through access, and keep track of customer purchases through this. Another way to provide a rewards program is to send out coupons in the mail to people who sign up for the rewards program. This will encourage them to come back and be consistent customers. This method would be very cost efficient and would work well for a small and upcoming company. The third method is “Card Linked offers”. Essentially this links together every purchase made by a consumer by their credit/debit card and will offer discounts for them the next time they show up to the store. This method works well because there is no extra cards needed, and nothing needs to be produced by the company. Once it is set up, there is very little work that actually needs to be done. It could be expensive to set up but it is by far the most efficient and most convenient for the customers when it is up and running.

We also discussed the article titled, “Top 20 Loyalty Reward Apps For Small Businesses” This article discusses how Companies combine multiple factors into how
they can reward customers for their loyalty and use of their services or products. This blog acknowledges different companies that apply different loyalty tactics to their customers in order to increase revenue and positive feedback. Overall, a sense of long-term rewards with a high value product yields the greatest retention rate. The most successful companies on the list combine customer interaction through email and social media with a sense of customer care and quality products. Such technological outreach creates a wider audience for advertising and rewarding and therefore creates more customers.

Additionally, we studied the article “Assessing the Benefits of Reward Programs: A Recommended Approach and Case Study from the Lodging Industry” by Dr. Clay Voorhees. This article discusses a case study done at Cornell University. The article states “Two groups of independent hotels experienced an average 50-percent increase in annual revenue when customers joined their loyalty programs, almost entirely due to increased patronage.” (Voorhees) This study proves the value loyalty programs can bring to businesses. By offering loyalty programs companies increase customer happiness and can market themselves more effectively.

For further insight, the article, “7 Tips for Starting a Successful Customer Loyalty Program”, presented several methods to approach when creating and maintaining a successful loyalty program for customers. The article states that the primary key is to create a program that is accessible to all and easy to use. Out of the seven tips, the two i found most interesting were “choosing your incentives carefully” and “communicate
regularly with your members”. It is important to choose incentives and rewards that are just as unique as your business; experiential rewards are usually popular. Maintaining communication is significant too. The article advised sharing news up upcoming loyalty incentives or events. Some programs even offer something special during a customer’s birthday month.

With these figures in mind, we can apply similar tactics that are successful in the real world to how we push our loyalty program in our local sandwich shop. To create the system, we can build long-term loyalty programs and consistent rewards to retain customer interest. These tips will help local businesses create a client base for quarters to come.

Upon interviewing Indiana University students, we have gathered data regarding how to specifically progress with how to create a rewards program. Kelley student, Tanmoy Datta, states that in a reward program, he would enjoy an initial discount upon each order purchased. William Powell also says that long term and great benefits would be a strong incentive for him to join a rewards program. Both interviewees said that they would also pay a small enrollment fee in order to earn higher rewards in the future; interesting to see what customers will do for rewards and will be taken into consideration. This data will help influence how we proceed with the development of the rewards program for our business.

Throughout this research, we learned about the variety of options that we can choose from when we create our rewards program. We can choose to do a point system, which basically consists of accumulating points each time you purchase
something from the sandwich shop. Those points could later be used on future purchases to reduce the amount of your order, or even get it for free if you have enough points. For the point system, we could either use a card that the customer would need to swipe each time they made a purchase, or we could keep each customer’s information in a database and look them up by email each time they came into the shop. Another option for the points system is a card linked method. This method uses the customer’s debit or credit card to keep track of their purchases, and it offers discounts each time they appear at the shop. This method is more expensive to initiate, but it is beneficial and convenient for the customers. We also learned that charging an upfront fee for the rewards program would be beneficial and according to our interviewees, customers are willing to pay this fee in order to receive special benefits and discounts from the rewards program. Overall, we decided that the best option for us would be to create a database that does not require a physical card because it is the most cost efficient and it would encourage customers to come more often.


Voorhees, Clay. "Assessing the Benefits of Reward Programs: A Recommended Approach and Case Study from the Lodging Industry."