Loyalty Plan

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- How loyalty has changed during Covid-19

- How to build a Loyalty Plan

- Measuring the success of your Loyalty Plan

BUILDING BLOCK

Loyalty Plan

WHAT IS A LOYALTY PLAN AND WHY IS IT IMPORTANT?

A Loyalty Plan maps out the trajectory that an audience member takes between first discovering your organisation all the way through to becoming a sustaining supporter. Having the steps clearly mapped can help you understand how to communicate with customers according to their existing relationship with your organisation, or their Relationship-Based Segment. Creating personalised touchpoints keeps customers not just coming back, but investing more in your organisation, moving them into increasingly loyal segments over time.

Your engagement activities for each relationship segment should be predefined, and ideally automated, wherever possible. This ensures that customers are moved from one relationship segment to the next based on timely communications in response to their actions.

Covid considerations

The meaning of audience loyalty has shifted with Covid-19 closures. Without live events, audiences are engaging with organisations in different ways: watching digital content, taking classes online, and showing their support via donations or converting previous tickets into credits. Members are signing up or renewing their memberships without any events on the schedule - supporting organisations without expecting immediate benefits as they normally might.

Because of this, organisations can no longer use event attendance alone to determine how loyal their audiences are. Take this into consideration when building or revisiting your loyalty plan by examining all the ways your audiences currently engage with your organisation.

HOW TO BUILD A LOYALTY PLAN

Follow along by recording each step in your **Loyalty Plan Worksheet**.

Note: These steps illustrate a simple loyalty plan with clear boundaries between each segment and a single 'next step' for each one. You may find that taking a more fluid approach to segmentation and next steps is better for your organisation. If so, use this as a starting point and add more complexity as needed. As people approach higher levels of loyalty (e.g. donors), it is often helpful to create individual communication plans. We won't cover that in this guide, but Spektrix users can refer to **these resources** for advice.

1. Define your relationship segments. Use your Relationship-Based Segmentation Model to outline the different levels of loyalty customers have with your organisation. When an individual falls into more than one segment, create a rule to define which segment is most important to your relationship with the individual.

> **Example:** *One-off ticket buyer, regular ticket buyer, subscriber/benefit-led member, philanthropic member or donor, credit-holder. A credit holder who is also a regular ticket buyer is segmented as a regular ticket buyer because*

that relationship shows the greatest loyalty to the organisation.

2. Identify your segments' values and motives. Use your CRM system to research customer behaviour in each relationship segment. Determine common reasons for joining a particular level or common behavioural characteristics. Do they utilise benefits? Do they respond to incentives? *Are most credit-holders one-time or regular ticket buyers?* You can also conduct interviews with a sample of customers in each group. Use the commonalities you find in this research to identify shared motivations. For more guidance on testing audience motivations, see our Continual Improvement Building Block.

> **Example:** When you survey regular ticket buyers you learn that they prefer to purchase individual tickets, within two weeks of each event. 'Flexibility' becomes a key value for this segment in your Loyalty Plan.

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3. Design incentive and stewardship plans for each segment based on their values and motives cross-referenced with your Motivations and Incentives Plan. Incentives (sometimes called benefits) are promised perks of being in a certain segment, such as early booking for members. Stewardship goes beyond promised and transactional incentives to make an individual feel special. Benefits and stewardship should be easy to automate and do not need to be expensive.

> **Example:** Design the *regular ticket buyer* segment's incentive plan to include an automated thank-you email after a second booking with an offer on their next booking. Design their stewardship plan to include a note on their seat thanking them for their frequent attendance.

4. Know your next step. For every segment, define the most logical next step on the loyalty plan. Treat everyone as if they have the potential to move into a more loyal segment. In many cases this will be an obvious choice; when it isn't, use your CRM system to analyse common behaviour patterns for each segment to learn what a typical loyalty progression looks like.

> **Example:** You find that most members were *regular ticket buyers* first, and so target *regular ticket buyers* to become members as a next step.

5. Build key messages and Integrated Emails to

steward each of your segments and ultimately move customers from one relationship segment to the next. This is a useful point to determine which segments are appropriate for a one-to-many communications strategy and which require a targeted one-to-one strategy, for example, donors or members over a certain giving level.

> **Example:** Showing *regular ticket buyers* how they can flexibly attend more shows by buying a membership.

Personalise these messages further by laying additional segments, such as Buying-based, over your loyalty segments.

> **Example:** Send regular ticket buyers in your family segment emails with a photo of a family-friendly event, replacing these with avant-garde art images for the contemporary segment.

6. Time the move. Programme your CRM system and email tools to automatically ask customers to increase their loyalty and move to the next level. These automations may be behaviour-based or time-based.

> **Example:** Program automated emails to ask *regular ticket buyers* to join as a member after their third purchase in any given year; or ask members to renew their membership in one year's time.

7. Review and evaluate results. Using the Continual Improvement Building Block, record targets for moving a percentage of each segment to the next and review your success. You can also test engagement with your key messages, benefits and incentives.

Example: Run reports to show that you have moved 20% of *regular ticket buyers* into the member segment over one year, and use that to set next year's targets.

Loyalty plan: additional resources

 Use the **Loyalty Plan Worksheet** to develop a strategy to improve the loyalty of your audience.

Spektrix Users: Click this icon for a list of Support Centre articles to help you implement this advice in your system.