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Building a Winning Guest Loyalty and Rewards Program

How to Construct a Loyalty Program That's Perfect for Your Park or FEC.

A guest loyalty program can help your facility understand your guests, make more informed decisions and earn more revenue. Read on to learn more about the key benefits of an effective program, and considerations for building one of your own.

Every entertainment venue is trying to learn how to operate smarter and differentiate their business from the competition. Consumer research states that today's buyers are more loyal to brands whose values they can identify with. One way for you to connect with your buyers is to create a meaningful loyalty (rewards) program that rewards guests in ways that are important to them. But it isn't just about giving something away for nothing.

There are many different types of loyalty programs to offer, each that serves to strengthen your relationships with your guests and build revenue while gaining important insights. This guide will discuss how a loyalty program can benefit your business with tips to help you build the program that's right for you and your guests.

CHAPTER 1 ## Loyalty Program Definition and Benefits

What is a Guest Loyalty program?

A guest loyalty program is a marketing tool that allows you to reward your guests and encourage repeat visits, while encouraging them to identify themselves with each transaction in your facility. This enables you to track and market to your best customers while allowing them to collect benefits for being loyal to your brand.

What types of loyalty programs should I consider?

When getting started, consider the program's primary objective. Be clear about the purpose your program will serve and use that objective as both a guide for development and a way to measure your program's success. Two primary purposes are to encourage repeat visits and/or to increase guest spending per visit.

▶ **Purchased Visit-Based Programs**

Purchased Visit-Based Programs: If your business is a trampoline park with a lot of new local competition, for example, you might wish to capture as much repeat business as possible to maintain and increase market share. A visit-based rewards program would allow you to incentivize guests after a certain number of visits.

In the past, these programs were simple cards that businesses would "punch" to show that a visit or purchase occurred. Every fifth or tenth transaction, for example, would earn a customer a free item, like a food or drink item or a free admission.

Today, a visit-based loyalty program can be tracked on a player card, a RFID wristband, or even in your system's customer profiles. Each time a guest visits, the first purchase that day will track the visit automatically until the award threshold for number of visits is reached. Awards, such as a free soft drink after five visits, could be printed and handed to a guest, or appear for a cashier to have a guest service touch point opportunity that might sound like, "oh, hey you've just earned a free soda, that's awesome! Thanks so much for being a VIP with us!"

▶ **Sales-Based Programs**

Any program is going to have at least a secondary objective of driving more repeat business, but a sales-based program is often implemented in venues where boosting per capita spending is the primary purpose. For example, if you operate a water park that offers season passes, a sales-based program that earns a guest rewards on number of dollars spent could encourage guests to spend a little more to achieve a new status tier and unlock additional benefits.

What are some of the benefits of successful loyalty programs?

#1 **Encourage repeat visits and increased spending.**

Many consumers subscribe to the, "it's not about how much you spend, it's about how much you save" mentality, and that's a win for you if you can illustrate program value right away. Research states that consumers are, on average, enrolled in 14 loyalty programs but only fully engage with seven, so a facility must deliver benefits both in the short and long term.

Giving guests an immediate win (like a bonus of a free appetizer with a food and beverage purchase, an extra $5 game card bonus or another type of BOGO offer) early in the program provides a compelling incentive for joining and boosting initial purchases.

In the longer term, programs that offer purchase incentives entice guests to return and purchase more items, more often. One common example is the gift of a free admission after 10 are purchased, or tiered programs that allow guests to accrue points and rewards on dollars spent to earn redeemable points or bonus items.

#2 **Motivate influencers and increase conversions.**

People spend more with brands they like. And brand evangelists who are, or behave like, influencers provide your business with word of mouth referrals which make you a worthy choice in the eyes of their audience, so it makes sense to offer compelling incentives that people want to talk about. For example, travel programs such as Southwest Rapid Rewards and Marriott Rewards use points incentives to help motivate loyal fans to spread the word to their connections about credit card offers. Operational practices can be combined with software functionality to create incentive programs to help motivate loyal fans.

In addition to the service and experience you're offering to guests onsite, providing some incentive or rewards to get influencers to take action for your facility can boost frequency of visits, spending, and the number of guests through the door. Think about benefits that would be most meaningful for your most frequent, most loyal guests.

#3 Gain insight into the personas and buying behaviors of your guests.

One key benefit of creating meaningful programs is to better understand your guests' desires and habits. In fact, your most frequent visitors may not be those who spend the most, or who are the most loyal. Loyalty programs that accumulate points or achievements based on overall spending or items purchased are great because they offer you a glimpse into guest visit frequency, spending, what they're buying and how they're engaging with your attractions.

#4 Build a dynamic marketing database.

Understanding the unique habits of the people who patronize your facility the most, when coupled with the demographic information in customer profiles, will help you build a one-of-a-kind database for use in target marketing based on demographics, purchase type, purchase frequency, age group and more.

The more you know about your guests, the better equipped you are to engage with them on a personal level and build incentives and offers that speak directly to them. This will help you get in sync with the very people you want to see more often.

#5 Elicit feedback from the people who know you best.

Getting to know your guests is just one piece of the puzzle – they'll also get to know you as well. Your loyalty program participants can serve as a great resource to help you understand where your operations and sales teams excel, and where they don't. Many businesses elicit feedback using a Net Promoter Score to learn how healthy their customer experience is and to reduce customer friction. According to a recent Hubspot Customer Loyalty article, existing customers can spend as much as 67% more than new ones, so it's critical to have a finger on the pulse of what your existing customers think about your business.

CHAPTER 2 Building Your Loyalty Program

Once you have determined your program objective(s), use those objectives as the lens through which you construct your program, asking if each component will meet the primary and secondary objectives. Use these considerations to build a meaningful program for your business and your guests.

#1 How will awards tiers or achievements be structured?

When building a reward program of any kind, remember to keep it simple and easy for guests (and team members) to understand. If using a visit-based system, perhaps awards increase in value after admission purchases in increments of five or ten visits, to reward the most loyal guests with the most valuable items.

When implementing a points system based on sales, you might consider a simple one point per dollar spent for the entire program term or to increase points earned per dollar at elite tiers. A 1% return is very common and is often used by credit card companies in the form of cash back, whereas many airline loyalty programs start with a 1% return and increase earnings as new tiers are achieved. For example:

Reward Program Tiers	Bronze Level	Silver Level	Gold Level
Dollars Spent	Up to $100 Spent	Up to $250 Spent	$250+
Bonus Points Per Visit	5 Points	10 Points	20 Points
Purchase Earnings	1 Point Per $1 Spent	2 Points Per $1 Spent	3 Points Per $1 Spent

#2 How will guests redeem their earnings?

If considering a program with bonuses earned when a certain threshold is reached, such as a free admission or other merchandise awarded when 500 points are earned, consider your milestone achievements, their costs, and the point at which earnings will reset and start over.

For point redemption programs, consider the value of points awarded and the amount required to redeem and purchase items, or both. But keep your thoughts on what will entice guests to return and purchase more often. Remember to award small rewards following signup and initial interactions to help give immediate perceived value to your program, and then encourage future engagement by awarding more valuable items later.

For example, if $100 in sales equals 100 points, is it worth $1 in redeemable facility cash, or another amount? Perhaps you customize the points earned for certain purchases made, like awarding bonus points each visit, and 1 point per dollar spent for other items. The possibilities are virtually endless, so think through how often you would like to give rewards, the purchase price of those rewards and find the right balance between incentivizing and profitability.

#3 Can guests purchase all items you sell with rewards points or only certain items?

Many items that you sell can be configured to allow guests the ability to purchase with points. If you would like to receive an admission fee every time a guest enters, consider preventing admission ticket items from being purchased with points and offer merchandise or food and beverage items for purchase instead.

That said, to offer more flexibility, allow guests to purchase everything from admissions to food to merchandise with their points and maintain a 'hassle free' program. Consider not only what your guests will find valuable, but also those details that could be perceived as a program detractor. If it looks like there are many stipulations or exceptions, guests may decide your program's "not worth the hassle" and abandon it.

#4 How will participants enroll in your program(s)?

Many facilities, especially those that use waivers and collect guest information at entry, automatically enroll guests into a loyalty program upon their first visit. This can be great to build a large program but won't necessarily equal high levels of engagement. Instead, you could invite guests to opt in at admissions with a cashier or in your online webstore, leaving participation up to the guest and potentially giving you a more engaged audience.

#5 How will you set the program time periods?

Think about a year or two down the road. Would you rather that a guest achieves a VIP tier for life or for only a certain length of time? If choosing a finite program term, do you wish to set them per calendar year or set on a rolling period? A rolling 12-month term from the day of tier achievement would give guests a full year to enjoy all the tier benefits, and you could include a spending requirement to remain in that tier on their achievement anniversary.

#6 Have you thought outside the box?

You have so many options when developing your loyalty program. Remember to take a step back as well and consider other offerings that might benefit from a value-added program.

For example, if you wish to add perceived value to your paid membership programs, you might consider a second rewards program in addition to your standard one. Perhaps members of a VIP membership earn double points for each transaction or a discount on concessions or merchandise. This enhanced reward could earn you more membership recurring revenue and more per visit spending so be sure to weigh these options when developing your programs.

#7 How will you communicate program rollout?

A well-designed program deserves to be center stage for a while. Consider onsite and website signage, email blasts and social media posts over time.

Work with team members at every shift to ensure they understand the new program, its member benefits, and how to help guests sign up. Role play conversations that your team can use to build excitement around the program with guests they encounter.

If your program requires guests to choose to register themselves, consider a contest or incentive to encourage team members to assist with roll out. Contests are a great way to get team member buy-in, build program awareness, increase interest and gain participants.

Conclusion

A loyalty program can give your facility the edge necessary to connect with your audience in more meaningful ways, whether you use it for rewarding behaviors, gaining insights, expanding marketing efforts, or a blend of all three. With careful consideration of your purpose, implementation and your plan for communication, you'll be set up in no time with a loyalty program that reaps many rewards.

For more information about how CenterEdge can help you build a Customer Loyalty program, contact us at info@centeredgesoftware.com or visit us at centeredgesoftware.com.

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