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SOFTWARE

Driving Guest Loyalty Through Rewards Programs & Memberships

How to Construct the Right Program(s) for your Park or FEC.

Loyalty rewards programs and memberships can help your facility understand your guests, drive recurring revenue, and make more informed decisions to grow your business. Read on to learn more about the key benefits of effective programs and how to design one of your own.

Every entertainment operator wants to operate smarter and differentiate their business from the competition. Today's buyers are more loyal to brands whose values they can identify with. Meaningful loyalty (rewards) programs and memberships drive loyalty by tapping into what's important to members. But it isn't just about giving something away for nothing.

This guide will discuss how your business can benefit from two consumer loyalty programs: Rewards programs and memberships, with tips to help you build the right program(s) for you and your guests.

CHAPTER 1 Loyalty Program Definition and Benefits

What is a Guest Loyalty program?

Also known as a rewards 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.

▸ **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, an 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 touchpoint 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 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.

#3 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.

#4 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.

Building Your Loyalty Program

CHAPTER 2

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 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.

Membership Program Definition and Benefits

What is a Membership Program?

A membership program, like a guest rewards program, encourages repeat visits and increased spending with one difference: a guaranteed recurring revenue stream. Members pay monthly or annually to receive benefits of attraction passes, discounts, merchandise, etc. Typically, a membership will have an initial term, such as one year, and then auto-renew monthly thereafter.

Memberships offer all the benefits of loyalty rewards programs in driving traffic, increasing brand awareness, and providing opportunity for you to engage with your audience. What's more, you have a quantifiable increase of revenue that's guaranteed for a period of time, resulting in higher annual spends that you can track.

Building a Membership Program

Building a successful membership program is a lot like constructing a loyalty program. Consider your objectives and build a program that will meet your objectives while offering guests exciting enticements that will keep them coming back.

#1 Identify the target audience.

The first thing you need to do is determine who your membership is planned for. The more specific your program is, the easier it is to create unique messaging that appeals to that audience (and the people who buy for them).

Maybe your membership program is geared toward students, teenagers, individuals, or VIPs who want the best of everything and don't mind paying more for it. The bottom line is that you want to be crystal clear in who your program is for to design and market it with them in mind.

#2 Establish your baseline(s).

You won't be able to adequately measure program success if you don't start with a baseline. And to do that, you need data. Take some time to gather as much as you can about your current guests. Some key data points to analyze are:

▶ **Visit frequency** - on average, how often in a year are guests coming to your facility? If your facility uses waivers, you quickly have access to this. Each time a guest purchases an attraction ticket, you associate the purchase to a guest profile and verified waiver.

Suppose you sell attraction passes or entitlements, food and beverage packages, or game room value on a player card or another type of media, such as a wristband. In that case, you might also be tying those transactions to customer profiles. Then each time a guest visits and uses their payment media, you are able to see how they're engaging with your facility.

▶ **Per capita spending** - how much does the average person spend each visit?

▶ **Annual guest spend** - over the year, what historically is the average amount you can expect a guest to spend at your facility?

▶ **Most popular (and profitable) attractions and offerings** - what attractions, offerings, and food packages are most desirable?

#3 Outline the key program objectives.

Get clear on your program objectives and quantify them. Who are you targeting? What buyer motivation will you be tapping into with this offer? How many more times per year do you want this guest to visit? How much do you want them to spend during their visit? How many members do you want each week/month/quarter? What kind of experience are you offering this guest?

#4 Design a meaningful program.

Once you have a clear picture of your baselines and objectives, design your membership programs with those objectives in mind. A few Do's and Don'ts for building any kind of relationship program such as a membership or loyalty rewards program:

▶ **Keep it simple** - any program you implement should be easy for your staff to sell and your guests to buy. Don't confuse them by trying to create five different membership programs. Think in terms of great - better - best.

▶ **Be creative** - Keep your objectives top of mind while you design your program. If you're clear on who your audience is, it's easier to build the right program for that audience.

▶ **Don't be too restrictive** - If a program seems too limited, guests won't see value in it and won't buy it. Include one-time or unlimited attraction passes each time they visit or a certain number every month.

▶ **Price intelligently** - figuring out the right price for your membership programs can be tricky, but that's why data is so important. If the average guest visits you twice a year and spends $50 each visit, your annual customer relationship value is $100. That does not mean you should charge $50 per month. It's more about perception at the time of purchase.

Let's say your Ballocity attraction is $10 per play and your monthly membership at $9 per month for unlimited Ballocity each visit. Guests can immediately see the value of the membership in that it is less than one visit per month for the guest to "get their money's worth." That can help them feel like your program is a low-risk investment, and therefore more likely to buy.

That doesn't mean that you should underprice your program. Doing that can overwhelm your capacity and make it so you don't leave any room in your schedule for nonmembers. A good starting point might be to consider how a membership price within 10% above or below attraction or package pricing might affect buyer perception and willingness to buy. Also, take some time to analyze what a member's annual spending and the impacts to your business might be for the membership term.

But what if I'm not currently capturing guest data?

If you do not currently associate a guest's profile to their onsite transactions, consider starting with an easy-to-understand loyalty rewards program that guests are automatically enrolled into.

By enrolling everyone at the point of sale, you can capture both visit and spending behaviors because you can associate transactions with a guest's profile. This allows you to see how often they visit, what they do while onsite, and how much they spend on average. Then you can create specific program objectives and goals, which are great for your business. A loyalty program is great for guests because they feel like they're being rewarded for being customers.

▶ **Don't forget the perks** - a special members' only line, custom membership cards or wristbands, unique merchandise, discounted games, bonus points on purchases, and higher reward level tiers are all great incentives that add value to your offer. Many of these perks can boost per capita and annual member spending.

▶ **Keep your promises** - Remember that your members expect you to give them the experience they're paying for. Broken games, consistently maxed-out attraction capacity, and substandard food can diminish trust and damage your reputation.

#5 Create a rollout plan.

Once you are ready to offer memberships to your guests, be sure to build a thorough rollout plan. Plan for:

▶ Goal setting and sales training for frontline staff

▶ Guest training needs - including creating any collateral you wish to distribute explaining your program and instructions for how to set up or manage their online account for their membership, etc.

▶ Instore marketing needs

▶ Email or text marketing plan, messaging, and timelines

▶ Social media marketing strategy, including organic and paid social, member testimonials, etc.

▶ Weekly and monthly rollout and program check-ins to measure success and program effectiveness

#6 Make your program work for you.

In addition to rollout marketing, remember that one of your core objectives is to drive new consumer behavior. Your members are a captive audience who know and like you, and they're most likely to be open to hearing from you. Consider a consistent outreach strategy that encourages members to visit, buy, or book from your business.

#7 Measure program success and refine your strategy.

Like with any other offering or strategy, it is crucial to routinely measure the success of your rollout, plan adoption, marketing, and engagement. That will ensure that you maintain an effective program that is great for your guests and your business.

Conclusion

Loyalty rewards and membership programs can give your facility the edge necessary to connect with your audience in more meaningful ways while increasing revenue significantly. With careful design, rollout, implementation, and review, your business will be well-positioned to reap your programs' many rewards.

For more information about how CenterEdge can help you build new revenue streams like memberships and loyalty rewards programs, contact us at info@centeredgesoftware.com or visit us at centeredgesoftware.com.

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