

REWARDING YOUR CUSTOMERS

Three fellow retailers talk about loyalty programs and club components that add value.



From bonus bucks to steep discounts, shoppers want to know what's in it for them when they walk into a store. Products and services are important, but often they are hunting for an added

incentive simply for choosing your shop. "It's not in a customer's best interest whatsoever to be loyal to a single store. It just isn't reality," says Jonn Karsseboom, owner of The Garden Corner in Tualatin, Oregon. "It isn't about making a customer only come to me."

What is it about then? Here are five ways to get the most out of your rewards program:

1. Provide Monetary Incentives

This might be the most expected component of a club or loyalty program, but the ways to execute these rewards differ. Knupper Nursery in Palatine, Illinois, gives customers

one Knupper Buck for every \$10 spent throughout the year (each Knupper Buck then equals \$1.)

Shoppers can redeem these bucks the week after July 4 and the third or fourth week of September.

"What made the most sense for us was to give members the first crack at anything that we were going to put on sale anyway at the lowest price it would ever go on sale, which is 50 percent off," says Sue Heaton, co-owner of Knupper Nursery.

"For customers, it's a way for them to get a really good deal, and it gives us cash to re-buy inventory."

Heaton says currently the bucks can only be



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redeemed for green goods, but they are looking at adding hardgoods in the fall.

The rewards are calculated by the point-of-sale (POS) system, a balance prints with each receipt, and they never expire.

2. Keep Year-Round Contact

In addition to printing a \$5 dollar rebate for

every \$200 a customer spends, Ashcombe Farm & Greenhouses in Mechanicsburg, Pennsylvania, sends bonuses throughout the year.

"It's not only the immediate rewards for the \$5; you also get a coupon for your birthday where you get 10 percent off all your purchases for one trip and a small gift, which could be a votive, a small jar of preserves or an ice cream cone," says Jim

Damschroder, financial manager at Ashcombe.

Damschroder also uses the database to send open house announcements and spring mailers.

3. Create Trust

Joining Karsseboom's Corner Club is highly incentivized with special pricing throughout the store, but expertise is at the heart of the program.

"It's a complete, long-term soft sell. It's nothing about bringing them in this weekend," Karsseboom says. "I'm more interested in if the thing they bought last year is still living today."

The Garden Corner emails receipts to its customers, which opens communication.

Karsseboom uses this technology to remember what people purchased and ask them how it's doing with a quick message.

"It's one thing so that they start knowing I care," he says. "If they have an issue or a question, they can just hit reply on the email."

4. Gain Customer Information

Approximately 70 percent of Ashcombe's customers are part of its rewards program, and approximately 1,500 new customers are added each year.

"What we've started doing is capturing the whole birthdays for people who enroll," Damschroder says. "This will give us an idea if we're still only pulling the 50 and up category or if we have started to get more of the 35- to 45-year-olds."

Damschroder says he plans to use this information to tailor Ashcombe's marketing to who is coming in the door and attracting more of that age group.

5. Work With the System

Ashcombe outsources its loyalty program because working with its POS system was inefficient and became too much for its small administration staff, according to Damschroder.

"All we do is upload our daily sales file with their customer ID number and total sales, and the third party can track it very easily," he says. "As soon as someone hits the amount, we quickly send them rewards, which print twice a month."

A recent update to Knupper's POS system allowed it to eliminate paper rewards altogether.

Customers, however, still provide their mailing address.

"Once a week or so we send an email, and, if you spend \$30 or more a year, then you get our monthly newsletters for the next year, so that weeds out mailing 20,000 newsletters down to 10,000," Heaton says. "People swear by these newsletters."

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