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Loyalty programs: P.R. and pet peeves

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My wife and I are watching TV one night when Emily Rose, the cat, meows loudly and drops her toy mouse at my feet. Emily didn't want to play. The gift was in exchange for combing her coat.

It's Emily's version of a loyalty program: She brings a gift, gets brushed. The fact that she understands this concept gives me pause (paws?). Some loyalty programs are good, others backfire and give sponsors the ugliest kind of publicity. Good PR builds positive buzz, reaching target audiences, bringing them back. Emily understands the concept.

You buy the one coffee brand and earn points toward a free muffin. Shop at one supermarket, earn free gas. Fly one airline, earn free flights.

A Harvard Business School professor wrote, "Loyalty programs are a way for the retailer to encourage the continued patronage of customers...allow retailers to gather data on customer behavior to decipher trends, reward loyalty, and influence shopping behavior."

Loyalty programs can save lives: In 2007, one brand of pet food made in China was found to be contaminated. Many pets became sick, some died. Through rewards program data, grocery chains contacted customers who had purchased the food and saved many pets.

Some loyalty programs are excellent PR tools. Kohl's Cash gives \$10 cash for every \$50 you spend, plus a percent off when you use your charge. Nordstrom's "Fashion Rewards" gives points for purchases. At 2,000 points, you get a \$20 credit. Regular use of your MyPanera card can earn a surprise free muffin. CVS gives "Extra Bucks" and a discount coupon on almost every purchase. It's automatic.

Poorly-run loyalty programs do more harm than good. I called my oil company when they told me I was a "Friends and Family" plan member. The rep knew of no benefits, but promptly took 30 cents per gallon off my next 2 deliveries - a savings of \$60. Why did I have to ask?

A Comcast mailer congratulated me as a "Comcast Insider," I called to ask what that meant. The rep didn't know, but he offered to deduct \$20 from my bill for 12 months (\$240)! Why did I have to ask? (and why do new customers get better deals than loyal, long-time ones?)

When I had to cancel a trip, you'd think a US Airways "Dividend Miles Member" could easily remove the charge. No way. The rep said I had to use the credit before it expired in one year. And it couldn't be transferred to anyone. Note their friendly website message: "All outstanding mileage may be transferred to the estate of a member upon a member's death, after production of appropriate documentation such as a death certificate and proof of beneficiary within 12 months of the member's passing." Makes you feel special.

Loyalty programs can be great PR. But have simple rules, promote it well, skip the small print and surprises. Don't make loyal customers dig for a thank you. That reminds me: Emily needs a combing. She shouldn't have to ask. Remember: It's all about the PR.

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