



THE CONSUMER INSIDE

TEN STEPS TO BUSINESS-TO-BUSINESS LOYALTY

Customer loyalty is arguably more important in business-to-business (B2B) industries than it is in consumer industries. That's because, in B2B firms, the 80-20 rule is sometimes the 90-10 rule: the top 10 percent of your customers can account for 90 percent of your profits. The good news: by identifying the key purchasers and influencers in your client organizations and then building relationships with them that mimic relationships in the consumer world, you can increase the retention, yield, and lifetime value of your best customers. Here are the ten steps to finding the consumer inside your business client—and building loyalty that lasts.

1

Define your selling environment

Are you selling big-ticket items, small supplies, or both? Is your business based on channel sales, or are you selling direct to individual small business owners? How much of your business is based on contracts? Are you selling your services on a subscription basis, or do you sell individual products? A points-based loyalty program won't work in every environment—so let your business model drive your loyalty strategy.

2

Assess your customer data

How much data do you have on your customers? How dated is your contact information? Can you tell a purchasing manager from an influencer in your data files? The quality of your existing data will drive your loyalty strategy— if you need to acquire data, then an open-enrollment program that casts a wide net will do the trick. If you already have good data, then a narrower, fee-based program might be the ticket.

3

Define and identify your best customers

Here's a core tenant of loyalty marketing: some customers are more valuable than others. First define what a best customer looks like: Those customers who spend and engage with you the most. Second, find other customers that, with the right offer or incentive, could become best customers. Focus your loyalty efforts on those customers of highest current and potential value, and your program will deliver a solid return.

4

Define your program objectives

Your business strategy will define your program structure and value proposition. Is your aim to reduce customer churn? To increase the yield from your top customer segments? To expand market by double digits in a tough competitive environment? To succeed, you must align your program goals with your overall business objectives. Doing so will ensure that your program delivers bottom-line impact.

5

Choose your program structure

With your program objectives in place, you can now choose the structure that will best deliver on those objectives. Will you build a proprietary program closely linked to your brand? Will you join a multi-partner coalition program to deploy economies of scale? Or will you become an earn or burn partner in another program? Your budget, objectives, and desired degree of control will determine your optimal path.

6

Develop a recognition and reward strategy

Just like consumers, B2B customers are motivated by reward and recognition. A points- or currency-based program is a great tool to deliver on that promise. If you have a subscription-based business, however, then you might find a program based on dialog, engagement, and soft benefits will better serve. Choose the reward strategy that best fits your business and that will spark desired customer behavior.

7

Segment your customer base

Follow the example of consumer programs by profiling current customer behavior to understand value, potential, likelihood to churn, or other key behaviors. Then segment your customers by desired program impact: Some customers will fall into the "retain" category; others into the "increase customer share" category; other low-value customers might fall into the "ignore" category. Now you're poised for success.

8

Mine your data for actionable insight

Once your program is up and running, collect behavioral, engagement, and purchase data and then mine that data for insight. What behavioral gaps can be closed with a relevant message? Where can a points bonus increase frequency, recency, or value? Where can the right offer prevent a good customer from leaving? Apply precious marketing dollars where they can deliver the greatest impact.

9

Close the dialog loop

Just like consumers, B2B program members know that their participation should result in more relevant, personalized communications. Demonstrate that you're listening by closing the dialog loop: when you collect a piece of information, act on it. If a member demonstrates interest in a redemption option, for example, promote other rewards with similar appeal. Members will expect no less of you.

10

Measure your success

The final step to B2B loyalty success is measuring the results of your activities. Take periodic program health checks. Is the program meeting its financial objectives? Are customers changing their behavior in desired ways? Have you moved the needle on your overall business goals? If there are gaps, then tweak the model; if you're successful, then double down. might be the ticket.

THE BOTTOM LINE: By revealing the consumer inside B2B clients and customers, you can build relationships with them that last. Choosing the right partner to implement your B2B loyalty strategy is paramount to success. Look for a partner with the most nimble, flexible, and affordable technology platform to ensure that you can focus your attention where it matters most—on your best customers.

This loyalty tip sheet is brought to you by Reward Paths: Your direct path to customer loyalty.