FIRE ‘EM UP:

Five Reasons to Turn Up the Heat on B2B Loyalty
Much emphasis is put on consumers when the words ‘loyalty program’ are mentioned—but what about companies who want to keep their flame burning bright with their resellers, channel partners and other corporate business?

That’s where B2B loyalty comes in. Like customer loyalty schemes, B2B-targeted programs can help to drive more sales, create favour over competitors and cement a strong business-to-client relationship.

B2B loyalty programs can work especially well in channel sales. The Loyalty Guide states that this incentive is very constructive because it benefits both companies when it comes to sales and profit.

These loyalty programs can also generate strong engagement between channel partners’ sales teams and the product or service at hand. This familiarity may result in better brand connection, product knowledge and renewed sales confidence.

Loyalty is simply more than just keeping your partners, clients and customers satisfied, it’s about keeping the relationship piping hot—you’ve got to keep the fire alive!
Channel partners and resellers are very much like consumers when it comes to loyalty programs and influencing buying behaviour. When there’s a reward or benefit on offer—you can expect to see more of your product flying off the shelf.

A study conducted by Directivity and Citrus confirmed that loyalty programs do influence buying behaviour with consumers found to buy more from companies they were a loyalty member of. Over half of the respondents (55 per cent) also indicated that they would choose a product/company with a loyalty program over those without.

Loyalty programs can then be helpful for companies in competitive environments who want their clients and customers to choose their businesses over that of their rivals. It’s not only increased sales behaviour that a loyalty program can influence, but also where customers choose to buy from.

Loyal customers are the heart of a business, without them, all the hard work and effort to keep operations going would go spiralling down the drain. In relation to this core group of customers is the 80/20 Rule, a principle that businesses would be wise to keep in mind. This idea, also known as the Pareto Principle, proposes the notion that 80 per cent of business will be generated by 20 per cent of clientele, and vice versa.

Not all customers are the same, but a clued-in company will make an effort to ensure their high-value clients are looked after. Loyalty programs can be used to rein in this valuable 20 per cent of customers, with retention found to be particularly profitable.

According to Emmet C. Murphy and Mark A. Murphy, authors of the book Leading on the Edge of Chaos, a two per cent increase in customer retention has the same effect as decreasing costs by ten per cent. Acquiring new customers was also found to cost as much as five times more than retaining and catering to current customers. While loyalty programs are designed to recognise your most devoted customers, they
can also serve as a strong driver for the next tier of customers, encouraging them to spend more with you and expand the prized ‘20 per cent group’. Shift their share of wallet over to your brand, increasing your market share through loyalty. Keeping your customers close with a rewarding loyalty program can also help to encourage repeat purchases and foster the business-customer relationship.

**STRONG EMOTIONAL ‘RECOGNITION FACTOR’:**

There’s nothing quite like taking first prize in a competition with being a winner a rewarding feeling indeed. This can run the same for loyalty programs and bringing out the strong emotional ‘recognition factor’ - customers love being recognised for their hard work and efforts.

The paper, Feeling Superior: The Impact of Loyalty Program Structure on Customers’ Perceptions of Status, says that status motivates human behaviour. Authors Xavier Dreze and Joseph C. Nunes write that firms who used tiered loyalty programs typically place an ‘elite status’ (usually the gold tier) on their most active users. This means that a customer’s level of status depends on their purchase behaviour; “the more you buy, the higher you climb”.

The recognition factor that comes from attaining a reward from the top tier can help to evoke stronger emotional ties with a program, also influencing customers’ decisions to stay longer with a company. To say you are a gold member versus a silver member can hold huge emotional value and recognition. If the benefits match the status, you will have a program design that influences your customers.

**PROMOTE BRAND ADVOCACY**

If you want to get the good word out about your company, then a loyalty program can help you to do the trick with your B2B customers. Offering rewards for loyalty can be a positive move, with happy customers likely to result in good word of mouth. It’s not only good feedback that you can benefit from with loyalty programs but also
repeat, and most importantly, new business. The Wise Marketer writes that advocacy is one of the highest forms of loyalty that a customer can show, and these types of people will tell their friends and family about their reward.

A personal recommendation can be more convincing than marketing or promotional material, so creating a loyalty solution especially targeted to core audiences can help to achieve the desired brand advocacy.

### BEAT COMPETITORS

In the B2B market, there’s always the threat of competitors. There is the risk of another company’s products being prioritised, or even worse, customers being taken away completely. Loyalty programs can help to differentiate a business from others, with rewards making them appear much more attractive.

It’s important to note that many other companies have their own loyalty programs, so the goal is to stand out from the crowd by creating a well-researched, tailored solution that specifically meets the needs of the customers. Keeping communication lines open with customers, touching base with them regularly and introducing special offers can also help to create a competitive advantage with loyalty programs.

### THE WRAP UP

Loyalty programs are an essential investment for companies wanting to make the most of their relationship with their B2B customers. It’s not only financial benefits that result from these customer loyalty programs, but also the ability to create brand advocacy and strengthen business ties.

Most importantly, these programs can help to keep the loyalty flame burning strong in the most valuable customers. Implement a tailored loyalty solution to reap the immense business benefits!
RESOURCES

- http://www.thewisemarker.com/features/read.asp?id=21
- http://www.thewisemarker.com/features/read.asp?id=120
- http://www.customerthink.com/blog/the_new_8020_rule_in_customer_satisfaction

B2B SOURCES

- http://www.marketingsherpa.com/article/how-to/business-to-business-loyalty-marketing-how-to
- http://www.dummies.com/how-to/content/monitor-small-business-customer-loyalty.html
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