



3 Critical Steps to Building Customer Loyalty

In today's resource constrained environment many small financial institutions are faced with the dilemma of determining the best allocation for their marketing resources. The primary decision is whether to continue to focus on growing the customer base or to concentrate on deepening the relationships of existing customers.

Of course both are critical to the continued growth of your financial institution. However, many are now beginning to see the benefits of creating a loyalty program that leverages the value of existing customer relationships.

Designing and implementing a loyalty program can be difficult; however, following these three simple steps that can increase the chances of creating a successful campaign.

1. Know your customers and what they expect from you.

Before designing a loyalty program, it is important to collect and analyze all you know about customers and what is important to them. If a centralized marketing database isn't part of your toolkit, this information can be collected from a variety of sources within your organization.

For example, all customer facing associates can be an invaluable source for information about customer expectations. It's possible to run internal focus groups and pull together information gathered from customers. This focus group should include inbound service representatives, mortgage loan sales and branch personnel.

If a marketing database is available, begin looking at customer behavior and correlate segment characteristics with specific product usage behaviors. This provides insights into important product attributes and determining the next

product to offer. It is important to begin developing a methodology for clustering customers into meaningful groups with similar characteristics when developing an organization-wide onboarding and loyalty program.

2. Design a strategy with clear objectives.

To be effective, a loyalty program must contain relevant messaging, a personalized call to action and offer customers appropriate banking services. Interactions with customers can be across many channels including your website, telephone, live chat, direct mail, marketing materials, social media and "the old fashioned way" through service associates.

When setting objectives, it's important to keep a long term perspective in mind – meaning it's the overall customer journey that matters more than individual customer interactions.

3. Put the resources in place to flawlessly execute your strategy.

Before implementing your loyalty strategy, it is important to identify the stakeholders responsible for each component of the program. Stakeholders will identify team members and their responsibilities for the implementation of the loyalty program. It is critical that the team work through all departmental interconnections and the requirements for each team member to successfully implement their piece of the program.

Properly positioned and implemented with a longer term perspective, loyalty programs provide a win-win scenario. Customers benefit by being offered additional products and services, in a needs based manner that are appropriate for them. The financial institution benefits from more satisfied customers, who not only use more products and services, but become brand advocates promoting the bank or credit union to non-customers.