



Make Loyal Customers: Rewards Bring Rewards

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Put a customer-keeping cherry on top to keep your best, most loyal customers more loyal.

As the slow-moving climb out of the Great Recession continues, it's clear that consumer-spending patterns have altered – maybe not permanently, but at least for the foreseeable future.

Many buyers have resorted to a lowest price mentality for goods and services – including tires and automotive service – that leaves repair shops in a challenging position when it comes to competing with chains, big boxers and online retailers.

In these days of bargain hunting, where a low price can sometimes trump better service, building a solid base of loyal customers is key. One way to do this is through incentive- or rewards-based customer loyalty programs. From conventional programs to outside-the-box initiatives, there are many tire dealers who offer customer loyalty programs.

Standard Fare

Though it may not be overly creative or shiny and new, there's no denying that when something works, it's worth keeping. Such is often the case with punch card and/or key tag programs, the most popular of which gives customers a free oil change after purchasing the service a certain number of times. Both Griffin Brothers, with nine locations in North Carolina, and Tires, Tires, Tires, with three locations in Sioux City, Iowa, and Sioux Falls, S.D., enjoy good results with such a program.

"Our most popular is our key tag program, where we give customers a Griffin Brothers key tag and we punch out for each oil change package purchased," said vice president Larry Griffin Jr. "After five purchases, the sixth is free. Customers always love getting something for free."

Regarding the program, which has been in place for more than a decade, he added, "The most important thing to consider is making sure the program is easy to implement and track, and making sure the customer sees value in it."

Tires, Tires, Tires' key tag program offers customers their seventh oil change free. The program has also been in use for more than 10 years. As one measurement of the program's success, Gary Michaels, operations manager, said he ordered 10,000 key tags to distribute to customers in 2013.

"We're putting our name and number on our customers' key chains every day," explained Dan Nothdurft, owner. "We promote that program, not only to our existing customers, but to new customers, too, because it's one of the identifiable differences between Tires, Tires, Tires and our competition."

Back when the key tag program was developed, "the long-term goal was to gain loyal customers and to ensure they would not go anywhere else for all of their vehicle needs," Nothdurft said.

His brother and co-owner Dale Nothdurft added, "It's about repeat business – that's the only way to survive. You can't make it if you're 'one and done.' You have to actively pursue the customer."

"We're eating that cost," said Dan Nothdurft. "It's all about having that customer for all of their service needs. You have to look at the big picture. Giving back to the customer is a big part of being successful in retaining them."

Custom Creations

Going beyond the key tag incentive program, some shops have created customized loyalty programs with varying degrees of success.

Oahu, Hawaii-based Lex Brodie's Tire Co., which has five retail locations, strengthens customer loyalty using some unique methods – all based on the premise that compared to gaining new customers, it's "super cheap (and fairly easy) to keep current customers happy and loyal," said Scott Williams, Lex Brodie's president.

Fairly new for Lex Brodie's is its Text Club, which pushes unique offers and specials that customers can't get anywhere else directly to their cell phones.

"Our email program is used for reminders only – safety checks, rotations, oil changes, etc. Unique specials are sent by text," Williams explained, adding that right now, the Text Club is a slowly growing program. "It's not a huge influence for us now, but we anticipate it will grow in popularity."

Lex Brodie's also offers a Completion Time Promise, in which staff members place a non-stick decal on each vehicle's windshield to document the completion time given, so "everyone in the shop sees it and is motivated to meet that 'promised' time," Williams said. If that promise is not met, the dealership reduces a customer's invoice \$2 for every five minutes it's late, with a maximum of \$36. A free rental vehicle is provided if promised times are missed by more than 90 minutes.

Launched in 2013, Community Tire Pros' High Mile Club lets customers accrue points – redeemable for future purchases – for every dollar they spend at the Phoenix-based, six-location dealership. The Club

was designed to help make repairs more affordable for the record number of drivers keeping their vehicles longer; when the program launched last May, 89% of the dealership's customer base owned cars that were at least three years old, the majority with 60,000 miles or more.

Customers who sign up under the program receive a personalized rewards card. Five percent of each purchase goes toward rewards for future services, CEO Howard Fleischmann explained. In addition to rewards points, members of the High Mile Club also receive exclusive bonus offers.

The bonus for Community Tire Pros is being able to regularly make contact with a larger number of customers, sending emails to notify them of their rewards progress, as well as reminders for when their vehicles are due for service, Fleischmann added.

Griffin Brothers has employed a similar program for more than 10 years, loading 3% of a customer's purchase onto a loyalty card for future use.

"The only problem is those purchases are not frequent enough," Griffin explained, adding that they are looking at alternative programs that tie into existing reward programs, such as airline miles or retailer points.

Williams added that Lex Brodie's also is considering partnering with an outside vendor – in this case, Lift & Shift Inc. – for a similar program.

New Options

Lift & Shift, which made its first appearance at the SEMA Show/Global Tire Expo last year, offers shops a program in which customers can earn points toward reward currencies like frequent flyer miles – from American, United, US Airways or Alaska Airways – or other popular reward programs – Holiday Inn's Priority Club or Best Buy's Reward Zone, for example.

"A loyalty program should keep customers happy and coming back, increase retention rates, and ideally get them to spend more money with the retailer," said Graham Farrell, Lift & Shift president. "With our program, a retailer can advertise that they offer currencies in these popular programs that people are already members of, and that can draw in more customers and make them spend more per transaction if they're earning valuable points."

He added that it's very easy for shops to sign up for the program, particularly if they are already running POS software with Lift & Shift integration (Protractor and Gem-Car currently; agreements are underway with additional providers).

"There's nothing for retailers to build, nothing for them to do," Farrell explained. Lift & Shift supplies all of the logos, signage and branding needed, and advises dealers in determining how many points or miles to offer per dollar spent. The company also helps dealers create bonus offers – for example, a winter maintenance package that will earn an additional 200 airline miles.

Farrell added, “Most of our clients have had some type of tailor-made, in-house program before, but they’ve abandoned it because what they realize – too late, unfortunately – is that the average tire/service customer isn’t there more than twice a year, so they aren’t earning enough rewards to build loyalty.” Attaching to existing desired rewards programs reduces the cost-risk and helps separate you from other businesses.

An Inward Look

When developing a new marketing initiative, it’s easy to focus on reaching new customers or coming up with unique advertising campaigns. While these things are all great and can bring much success, you can’t ignore your current customer base.

Whether it’s employing a value-added system, developing a custom-fit rewards program or contracting through an outside vendor for customer incentives, offering your loyal fans something extra can go a long way in keeping them satisfied and keeping them coming back – often for a fraction of the cost of attracting new business.