

E-COMMERCE

Loyalty Program

The ultimate guide to
create your program
from A to Z



INTRODUCTION

In e-commerce, where competition has never been so fierce, knowing how to build customer loyalty is an invaluable asset.

An effective loyalty program does more than just reward purchases. It creates a lasting, rewarding relationship between your brand and your customers.

This privileged relationship is the key to increasing your CLV, boosting your revenues and setting you apart from the competition.

We'll see that loyalty and retention is not an art, but a precise science, based on a deep understanding of your customers and the ability to respond to their expectations in a creative and relevant way.

From integrating referral offers to personalizing rewards, every strategy highlighted in this ebook has a single objective: to turn your customers into true fans, ready to engage and promote your brand.

By the end of this ebook, you'll know:

- choose the right program structure for your brand
- create engaging mechanisms
- propose an attractive rewards catalog
- set relevant, ROI-effective point totals
- animate your program throughout the year
- fine-tune performance analysis

And much more...

Let's get started!



A well thought-out, attractive and differentiating loyalty program transforms the act of purchase into a genuine experience, encouraging not only repeat business but also brand loyalty.

Joseph, Co-founder & CEO @ Loyoly

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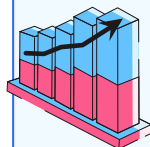
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THE 6 BENEFITS OF A LOYALTY PROGRAM

1

CLV increase

By rewarding repeat purchases, you encourage your customers to come back. The more they buy, the more they earn. Simple, isn't it?



2

Better customer knowledge

You learn from their buying habits. This knowledge is invaluable for personalizing your offers and communications.

3

Lower acquisition costs

Attracting new customers is expensive. With a loyalty program, your existing customers keep coming back, and even better, with their friends!



4

Creating a long-term relationship

A loyalty program means building a lasting relationship. Your customers feel valued and connected to your brand.



5

Competitive advantage

A well-designed loyalty program can be that "wow" factor that attracts customers to your brand rather than your competitors.

6

Feedback & continuous improvement

Programs open up a direct communication channel with your customers. Their feedback is invaluable for improving your offers.

THE 5 TYPES OF LOYALTY PROGRAM

Point-based programs

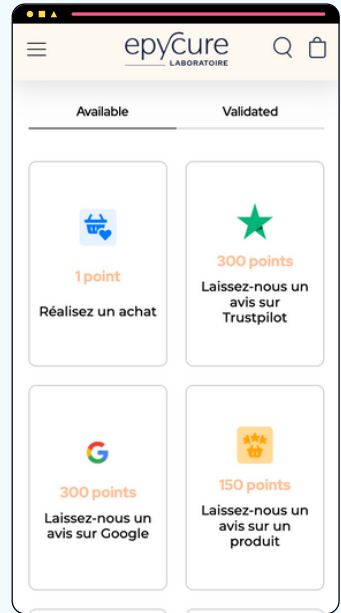
Classic system!

Customers earn points for each purchase or completed mission:

- subscribe to our newsletter
- follow on social media
- like, share, comment
- post a photo or video
- write a review
- ...

These points can be accumulated over time and later exchanged for rewards, discounts or gifts.

The more points a customer accumulates, the more generous the potential reward.



Pros

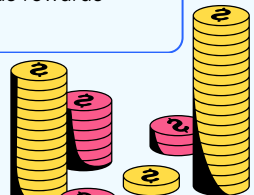
- Easy to understand and use for customers
- Great flexibility in the rewards offered

Cons

- Engagement may drop if points accumulation is too slow

Tips

- Offer a varied library of actions
- Make 1st rewards easy to achieve
- Offer generous rewards

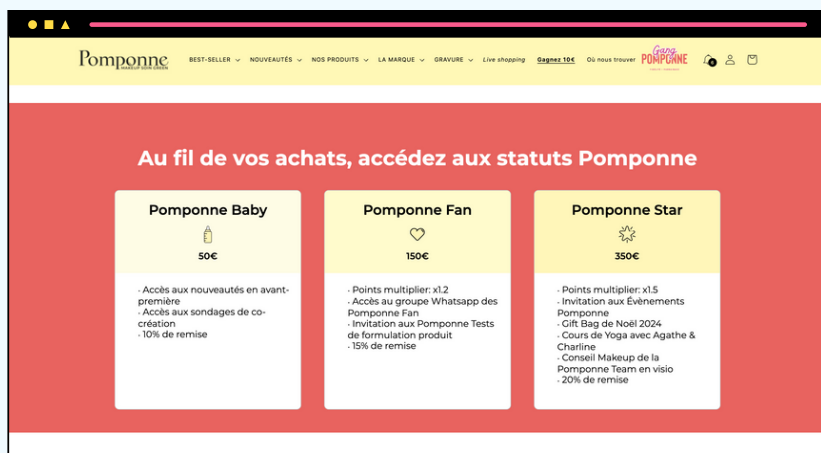


VIP Tiers programs

Tiered programs categorize customers into different levels, echelons, grades or statuses.

Customers progress through the tiers according to the amount spent or the number of points accumulated.

Each level offers different benefits and rewards, with higher levels generally benefiting from more exclusive rewards.



Pros

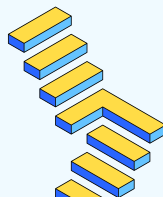
- Creates a sense of exclusivity and belonging
- Encourages extra effort to reach the next level.

Cons

- Can be tricky to manage
- Can be frustrating for new or lower-level customers

Tips

- Offer exclusive rewards at the highest levels
- Display a progress bar to add extra gamification

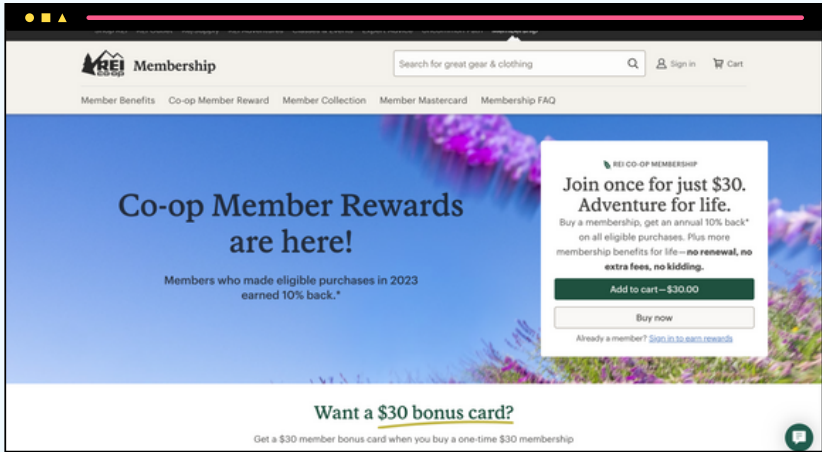


Paid programs

Joining a paid loyalty program increases the likelihood of consumers spending more by 62%*.

Here, customers pay a subscription or membership fee in order to enjoy additional benefits.

These programs demonstrate high levels of commitment, thanks to ongoing interactions that increase the overall value of the program.



Pros

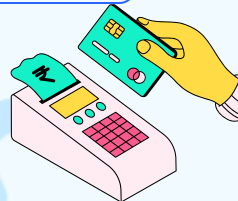
- Predictable, regular income for the brand
- Customers feel valued with exclusive offers

Cons

- Can be an obstacle for price-sensitive customers.
- Risk of cancellation if benefits not perceived as sufficient.

Tips

- The benefits offered must far exceed the membership fee.
- Members are motivated to stay for the experiential benefits.



Cashback programs

More than one French consumer out of two is willing to pay for a cashback service*.

This refund can be credited directly to their account or used for future purchases.

With these programs, customers receive a percentage of the amount of their purchases as a cash refund.

It's often a three-way relationship. The retailer signs a partnership agreement with the publisher of a cashback program. This intermediary is in charge of reimbursement.



Pros

- You sell at full price, without promotion.
- You reach a wider target, and therefore potential new customers.

Cons

- Cashback is not yet widely used
- Customer satisfaction depends on a third party
- Less control over your marketing communications

Tips

- Cashback is not suitable for luxury or premium brands.
- Combine cashback with a points-based loyalty program



*according to a WebLoyalty survey

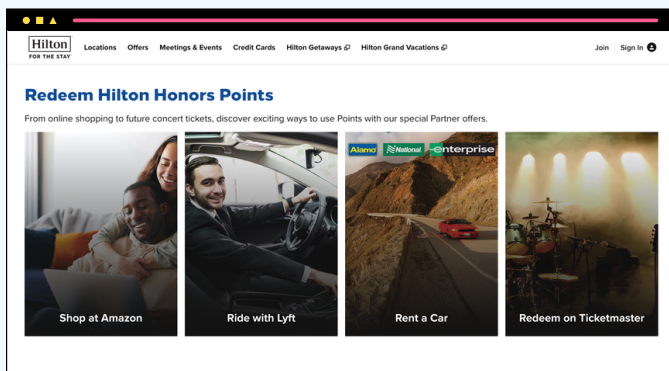
Coalition programs

In a coalition loyalty program, several brands join forces to create a common rewards program.

Customers can earn points or benefits by making purchases not from just one brand, but from all partners.

This system enables customers to earn rewards more quickly, thanks to the diversity of purchase options.

For brands, it's an opportunity to reach a wider customer base by sharing the costs and benefits of the loyalty program.



Pros

- A range of benefits that attract more customers and keep them coming back.
- Customer data is shared between each brand.

Cons

- Customers are loyal to the program, not to your brand specifically.
- The program is not 100% adapted to your brand.
- Less control over your marketing communications

Tips

- Each partner's offer must complement the others.
- Analyze data to propose offers and rewards tailored to customer preferences and habits.



7 STEPS TO CREATING A KILLER PROGRAM

1

Define your goals

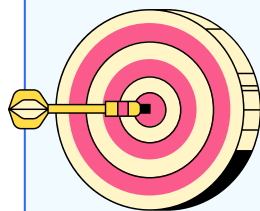
The 1st classic step in any marketing strategy, but an indispensable one.

Start by clearly defining the objectives of your loyalty program:

- increase customer retention,
- stimulate sales,
- strengthen brand awareness,
- collect UGC.

Have a clear vision of your objectives.

This will guide you through the whole process.



2

Understand your audience

Another classic step. Another essential step.

Get to know the preferences, behaviors and motivations of your target audience.

Analyze their buying habits, engagement levels and tastes, so you can tailor the loyalty program to their needs.

This is essential if you are to offer them the most appropriate missions and the rewards that delight them the most.



3

Set the program structure

Decide which type of loyalty program is best suited to your objectives and customer base.

Do you need a points-based program? Tiered? A paid program?

Choose the structure that best encourages your customers to adopt the desired behaviors, and that offers relevant rewards.

Keep it simple to make it easier to understand, and to increase participation.

4

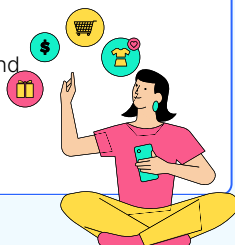
Create attractive rewards

Design a reward system that makes your customers eager to participate.

Make sure the rewards offered are relevant, interesting and accessible.

Try offering a mix of transactional and experiential rewards.

Go to page 20 for more details.



5

Build a user-friendly interface

¾ of consumers say that the ease with which they can earn rewards has a noticeable impact on their purchasing behavior*.

So your program's UX needs to be top-notch!

Validating a mission, checking your points balance or redeeming your rewards must be simple and intuitive.

It must be harmoniously aligned with your overall identity to create a coherent and memorable journey.

A well-designed landing page not only boosts your customers' participation rates, but also improves the overall user experience.

Promote your program

Develop a comprehensive marketing plan to promote your program.

Use all possible channels, such as :

- email,
- your social media,
- banners on your website
- and even in-store signage

Highlight the benefits, rewards and unique value proposition of your program to entice customers to join.

Throughout the year, don't forget to keep participants informed of new missions or rewards in your catalog.

ABOUT EMAIL...

Check out the 11 must-have emails for your loyalty program

✓ Tips ✓ Body ideas ✓ Subject ideas ✓ Customer examples

[Download portfolio](#)



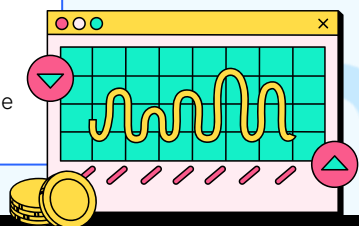
Monitor and analyze

Continuously monitor and study the data and performance of your loyalty program.

Monitor :

- customer participation rates,
- reward redemption rates,
- customer feedback
- and overall program ROI.

Then use this data and customer feedback to optimize your program, adapt missions or fine-tune rewards...



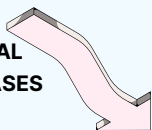
WHY SHOULD YOU ADD A REFERRAL OFFER?

A loyalty program without referral is like a cake without a cherry: still delicious, but not quite complete.

As you encourage your customers to share their love for your brand, you create a virtuous circle that boosts your visibility, builds trust and, of course, expands your customer base.

Because a customer who refers is a customer who engages with you twice as much.

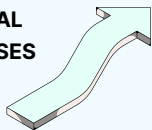
**REFERRAL
DECREASES**



CAC

Customers recommended by a friend are 4x more likely to buy and convert 5x faster*.

**REFERRAL
INCREASES**



AOV

Customers recommended by a friend spend 15-25% more on their first order*.

**Retention
rate**

Recommended friends are 18% more likely to remain customers in the years to come and to make repeat purchases.*

LTV

Recommended customers have a Lifetime Value 16% higher than non-recommended customers*.



*according to Mention Me, McKinsey and Harvard Business Review studies

3 MUST-HAVES FOR YOUR REFERRAL OFFER

Deliver the perfect customer experience



Because your customers won't take the risk of recommending you if their own experience hasn't been absolutely perfect. Their word is on the line.

So make sure that every interaction (from 1st contact with your brand to after-sales service) leaves them with a positive impression. You'll lay the foundations for natural, effortless word-of-mouth.

Propose several recommendation methods



Your customers need to be able to share your program in as few clicks as possible, on as many channels as possible.

Provide them with several referral options:

- a personalized referral link,
- the ability to share it as a Story/TikTok
- a copy-and-paste message
- ...

They'll choose the one that's best for them or their friend. The easier it is to share, the more likely they are to take action.

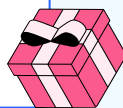
Create compelling rewards

Design rewards so attractive that your customers will find it hard to resist recommending you to their friends and family.

And don't limit yourself to financial incentives. Also offer :

- exclusive discounts,
- VIP benefits
- or unique experiences.

And don't forget to reward both the referrer AND the referred friend.



7 TIPS FOR CHOOSING A PROGRAM NAME

1. Simplicity

It should be easy to pronounce and memorize.

2. Relevance

It must reflect your brand's voice and values.

3. Distinctive

It has to grab attention and set you apart from your competitors.

4. Emotional

It should evoke your audience's aspirations and desires.

5. Respectful

It must avoid any negative connotations in other languages.

6. Available

It must not already be used by another brand.

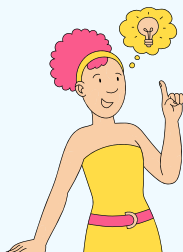
7. Validated

It has to be validated by a customer sample.



5 inspiring examples

- Club Fudoon
- Gang Pomponne
- Fidéliboucles
- Pipouette Family
- Cosmic Club

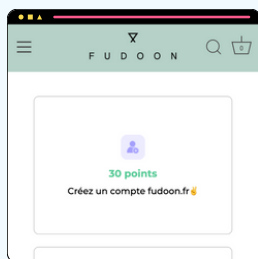


12 IDEAS TO BOOST ENGAGEMENT

Display eye-catching CTAs

Don't let your rewards program go unnoticed!

Display banners and pop-ups in all strategic areas of your website.



Offer a welcome bonus

Offer welcome points, a gift or a substantial discount on their 1st purchase right from the start.

It's the perfect way to kick-start their loyalty journey, making sure they feel valued right from the get-go.

Show customer testimonials

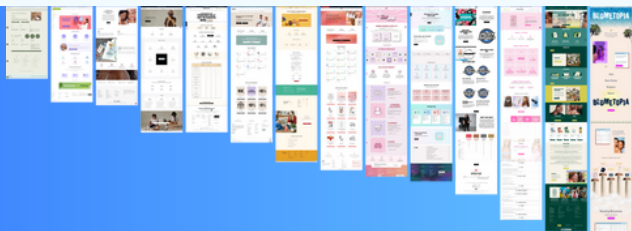
Let satisfied members sell the program for you.

There's no better way to build trust and interest on your program's landing page.



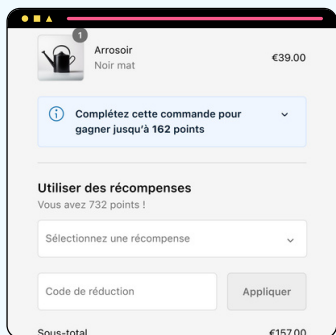
ABOUT LANDING PAGES...

Get our **portfolio of 32** super inspirational loyalty program **landing pages!**



[Download portfolio](#)





Invite at checkout

Your customers can view the points they will earn through their purchase, use rewards already earned, or redeem their points for rewards that can be applied immediately.

A great way to boost reward usage and program commitment.

Make the 1st reward easy to reach

Put a 1st reward within reach, so that your customers feel so close to it that they can't help but go the extra mile to get it.

That way, you create a positive, rewarding experience right from the start.

And once they've had their first taste, your customers will be motivated to go the extra mile for even more enticing rewards.



Gamify your program

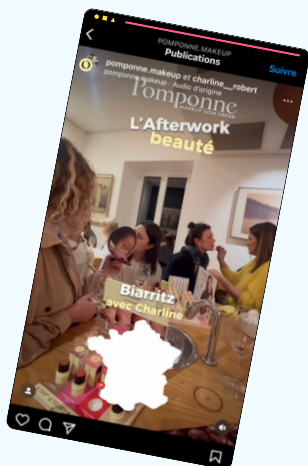
We all have an inner child just waiting to play.

Add VIP Tiers, progress bars, rankings, occasional challenges... to stimulate the competitive spirit and make your program more fun and interactive.

Customize rewards

By analyzing your customers' purchase history and preferences, you can create customized rewards for each and every one of them.

It's about going beyond traditional gifts, and making customers feel truly appreciated and, above all, understood.



Organize exclusive events

When you organize VIP experiences that are reserved exclusively for your program members, you cultivate a sense of exclusivity and belonging.

And you not only reward your most loyal customers, but also attract new ones who aspire to become part of your brand's inner circle.

Communicate on social media

Highlight the successes of your program members on your social media, showing the benefits they've enjoyed.

Or, more simply, share your customers' posts.

By doing so, you're not only celebrating their successes, but also encouraging others to join you and climb the ladder of your program.





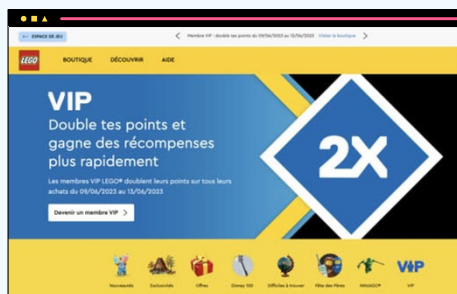
Collaborate with a brand partner

Collaborate with partners to offer joint rewards.

Not only does this enhance your program's value proposition, by broadening your rewards catalog, it also gives you access to a wider audience and reaches people who might not otherwise have come across your loyalty program.

Offer themed or seasonal promotions

Whether it's a holiday promotion, a summer event or a special anniversary, these limited-time offers create excitement and a sense of urgency, encouraging members to seize the opportunity.



Include charitable elements

Make your program more than just a transactional experience by integrating a charitable component that allows members to contribute to a cause and make a positive impact.

Give members the opportunity to donate their points or rewards to a charity of their choice. Not only do they feel rewarded for their loyalty, they also feel encouraged to contribute to the common good.



HOW TO CHOOSE THE RIGHT REWARDS?

97 % of loyalty programs are based solely on transactional rewards (promo codes, vouchers, free products, etc.).



But **77 %** of these transactional programs fail within the first 2 years.

We'll come back to each of these types of rewards in detail on the following pages.

The most important thing to remember here is that it's essential to diversify your rewards and offers, so as to offer your customers a varied catalog that prevents them from getting bored, and sets you apart from your competitors.

Why is this?

One reason is the law of diminishing marginal utility.

The law of diminishing marginal utility

This law suggests that as the consumption or use of a good or service increases, the satisfaction derived from each additional use decreases.



Transactional rewards

Transactional rewards offer customers tangible benefits directly linked to their purchasing behavior.



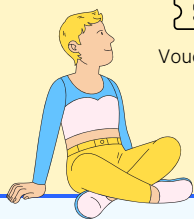
Free products



Discounts and reductions



Vouchers



PROS

Immediate benefits

Tangible value

Easier implementation

Fast and certain ROI

CONS

Short-term vision

Lack of emotional connection

Limited differentiation

A dependence on reductions

VS

Experiential rewards

They focus on creating immersive, memorable experiences for customers. They center on emotional connections, personalized exchanges and exclusive opportunities that go beyond the purely commercial.

They aim to forge a relationship, enhance the overall customer experience and foster a sense of loyalty.



Free gifts



Exclusive events



Personalized services



Gamification and challenges

PROS

Emotional connection

Differentiation and brand image

Long-term loyalty

Brand promotion

CONS

Extra costs and resources

Limited scalability

Subjectivity and individual tastes

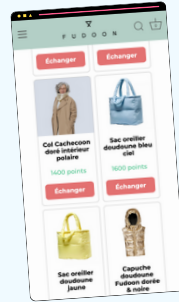
ROI analysis and calculation

8 REWARD IDEAS TO OFFER

1. Free products

Try to tailor gifts to each customer's preferences and interests.

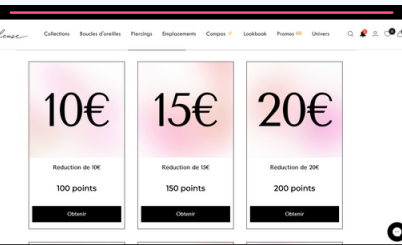
You'll increase the likelihood of repeat purchases and positive word-of-mouth.



2. Vouchers and discounts

A sure-fire way to keep your customers interested and coming back for more.

But don't overdo it. If you use them too often, your customers may become dependent on them, and the perceived value of your products could be diminished.



3. Free delivery

Free delivery is the most effective purchase incentive for 53% of consumers*.

What's more, 49% abandon their shopping carts because of extra charges at checkout (including delivery charges)**.



4. Tiered rewards

Customers feel recognized and valued as they progress through the levels.

This creates a sense of pride, belonging and loyalty to your brand.



8 REWARD IDEAS TO OFFER

5. Bonus points events

The sense of urgency and excitement it creates motivates customers to participate actively.

This not only boosts sales, but also improves customer retention and brand loyalty.



6. Birthday gifts

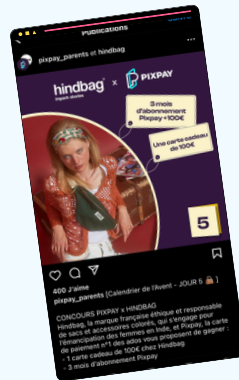
The aim is to strengthen the emotional bond with the customer on this special day, and show that you appreciate their loyalty.

And here, more than ever, personalization is key!

7. Partner brand products

Collaborate with a partner brand to create a new range of special rewards for your customers!

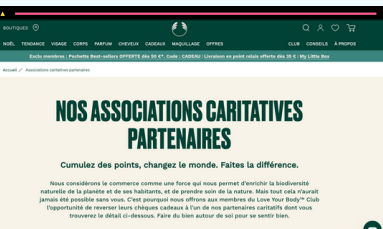
As well as adding a touch of excitement, they also enable you to reach a wider audience.



8. Charitable rewards

Make your program more than just a consumer experience.

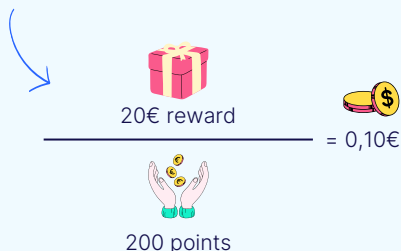
Offer your customers the opportunity to convert their loyalty points or rewards into donations for charitable causes close to their hearts.



HOW TO CALCULATE THE AMOUNT OF POINTS?

Redemption value vs. real value

The redemption value of loyalty points refers to the real-money value of each point, determining the value customers can derive from their accumulated points.


$$\frac{20\text{€ reward}}{200 \text{ points}} = 0,10\text{€}$$

Tips

Multiply your redemption value by the total number of points in circulation to get an estimate of how much money your customers currently have.

Not to be confused with **their real value** to you.


$$\frac{10\text{€ production cost}}{200 \text{ points}} = 0,05\text{€}$$



If your product normally sells for 20 euros, but can be purchased for 200 points, your customers will feel that their points are worth 10 cents each.

Only, this price of 20 euros includes your usual margins. In reality, it only cost you 10 euros to produce.

In this case, while your customer might think that your points are worth 10 centimes each, in reality they only cost you 5 centimes.

HOW TO CALCULATE THE AMOUNT OF POINTS?

Calculate the value of purchases

By default at Loyoly, your customers earn **5 points per euro spent**.

If you offer a €5 reward for 500 points, that's equivalent to 5% cashback.

Of course, these parameters are adjustable. Remember that what matters, in the end, is the overall ratio with the value of your missions and rewards.

Our cashback recommendations by sector

 Fashion and clothing	5 à 10 %
 Electronic products	3 à 8 %
 Furniture & decoration	7 à 12 %
 Food	2 à 5 %
 Travel	3 à 10 %
 Fitness and wellness	5 à 15 %
 Beauty and care	6 à 12 %
 Toys and childcare	4 à 8 %

Calculate the value of missions

Offer a variety of missions, with different levels of commitment, to get as many of your customers on board as possible.

Assignments that require little commitment will earn few points, whereas those that require a high level of commitment will.

Some tips depending on the mission

- **Create an account:** Offer approximately half the points needed to obtain your 1st reward.
- **Follow, likes, etc.:** Make sure that the total points earned through social media actions AND the sign-up bonus do not exceed the points required for the 1st reward.
- **Post a review:** Here you can be generous, as your customers have already made a purchase. We suggest you offer about half the points needed to obtain the 1st reward.
- **Birthday gift:** As this can only be earned once a year, you can be even more generous. Offer the same number of points as the total required to obtain the 1st reward.



HOW TO CALCULATE THE AMOUNT OF POINTS?

Calculate the value of rewards

Your 1st reward should be set just above the number of points a customer can accumulate without making a purchase.

But it shouldn't be too high, either, so as not to discourage your customers.

The trick is to find the right balance to keep them motivated.

Consider the frequency with which your customers make purchases, and set rewards that are achievable.

Tips

Your customers should be able to make a 1st loyalty redemption **1 month after their 1st purchase**.

1. Percentage reduction

The value of these rewards varies according to the customer's spending.

To determine the number of points required, take into account your average order value (AOV).

Let's say your average order value is €50 and you want to offer a 10% discount.

If your exchange value is €1 = 5 points, you can set the reward at 25 points (10% of €50 = €5).



HOW TO CALCULATE THE AMOUNT OF POINTS?

2. Free products

Offering free products can be both attractive and practical, whether you're clearing stock or launching exclusive new items.

As we mentioned earlier, make sure the value of the reward is fair to your customers and profitable for you.

See section "Redemption value vs. real value".

3. Free delivery

This is an excellent reward for attracting customers (if you don't already offer it as standard).

To estimate this amount, calculate your average shipping costs and define the reward accordingly.

If your average delivery cost is €13, the reward should cost at least 65 points (always when €1 = 5 points).



Tips

Set a maximum value to avoid losing money on expensive international shipping orders.

19 KPIS TO KEEP AN EYE ON

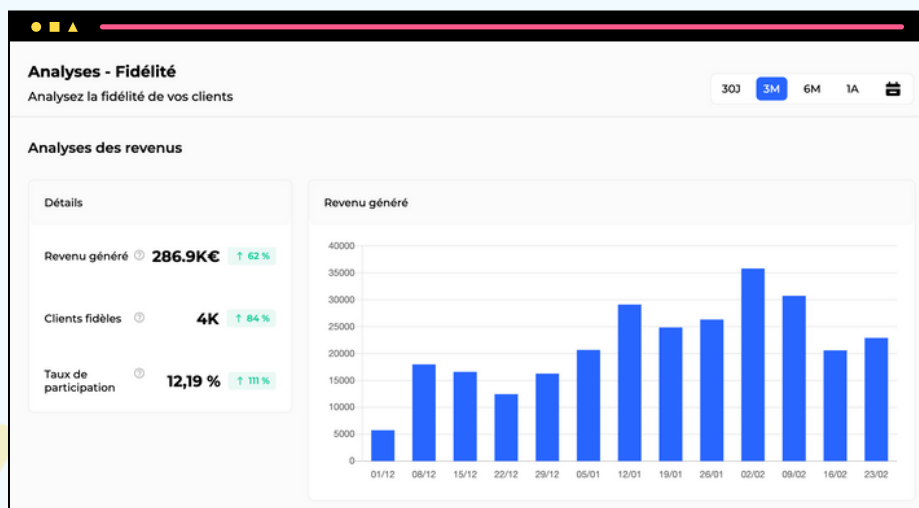
Loyalty KPIs

Generated income

= total sales including rewards (free delivery, vouchers, discount codes, etc.).

Loyal customers

= number of customers who placed an order including a reward



Reward redemption rate

= the percentage of rewards earned that are actually redeemed by members of your loyalty program.

A high rate often means that your rewards are up to scratch, and that your customers are enthusiastic and eager to use them.

$$\frac{\text{Number of rewards redeemed}}{\text{Number of awards won}} \times 100$$



Loyalty KPIs

Repeat purchase rate

= the percentage of customers who repurchased a product at least once

$$\frac{\text{Number of customers with multiple purchases}}{\text{Number of unique customers}} \otimes 100$$

Number of purchases

= the average number of purchases made by each customer over his/her relationship with you.

$$\frac{\text{Total number of orders}}{\text{Number of unique customers}}$$

Average order value

= average amount spent by your customers on each new order

$$\frac{\text{Sales figures}}{\text{Total number of orders}}$$

Customer Lifetime Value

= the average profit generated by a customer over the course of their relationship with you

$$\text{AOV} \otimes \text{Purchase frequency} \otimes \text{Average lifespan}$$



Tips

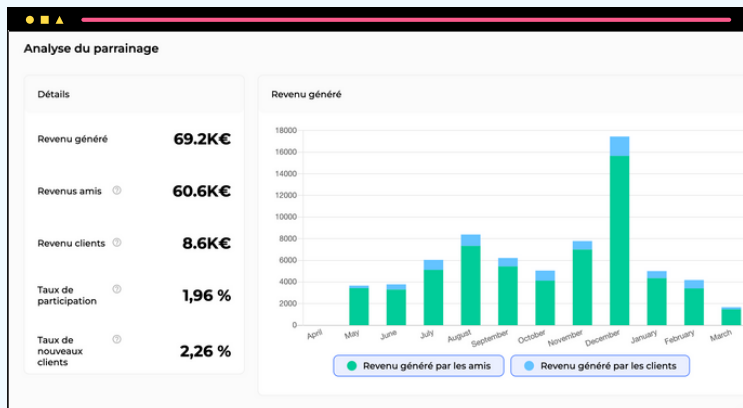
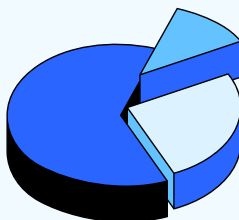
Compare these KPIs for customers engaged in your program vs. those who have not yet earned rewards.

	Avec récompenses	Sans récompense
Taux de rachat	66 %	14 %
Nombre d'achat moyen	2.1	1.2
Panier moyen (AOV)	49.7€	37.9€
Revenu moyen par client	106.7€	37.9€

Referral KPIs

Generated income

= sales generated by referred friends and by your customers (via rewards earned)



Tips

Compare all these KPIs for referred customers (new customers) vs. their referrers (existing customers).

Number of sales

= the number of purchases made by referred friends and referrers over the course of their relationship with you.

Average order value

= the average amount spent by referred friends and referrers on each new order.

	Ami (Nouveau client)	Client
Nombre de ventes	801 ↑ 37 %	124 ↑ 44 %
Panier moyen	45€ ↑ 7 %	41.8€ ↑ 3 %

Referral KPIs

Participation rate

= the proportion of your customers who have referred a relative, out of your total customer base

Number of customers who sent a referral link

Number of unique customers

⊗ 100

New customer rate

= the proportion of new customers acquired through referral, out of your total customer base

Number of new referred customers

Number of unique customers

⊗ 100



Conversion rate

= the percentage of people who received a referral link and then placed an order (through this link).

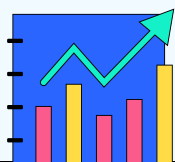
Number of referred friends who bought

Total number of sent referral links

⊗ 100

💡 Is my conversion rate good enough?

- Less than 4 % → 😞 Can do better !
- Around 10 % → 💪 Good job !
- 15% or more → 🎉 Congratulations !



Mission KPIs

Users

= number of customers who completed at least one mission

Missions

= number of completed and validated missions



Reach

= the number of total views generated by your customers' posts, stories, comments, shares, etc.

Earned Media Value

= the monetary value of the exposure generated by unpaid media coverage (posts, shares, comments, likes, etc.).



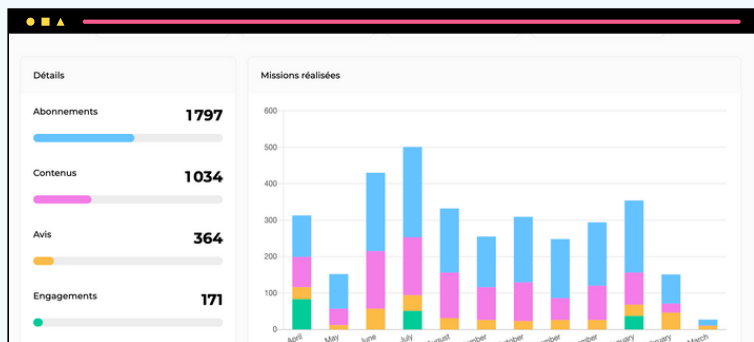
Reviews

= the number of customer reviews on all platforms.



UGC

= the number of UGCs created by your customers, on all platforms.



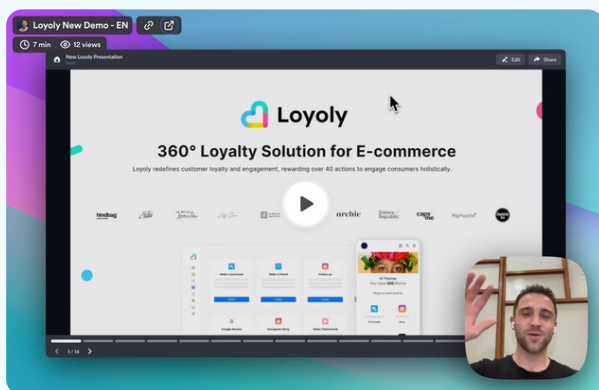
ABOUT

Loyoly

The best loyalty and referral platform

Loyoly is a loyalty and referral platform coupled with UGC, which enables customers to be engaged in +30 ways to increase Lifetime Value and social proof, while lowering CAC.

Designed for  **shopify**



Growing brands choose Loyoly to
boost their loyalty programs

ODEN *demain* nat & nin Pipouette[♥] MY LITTLE DAY Nubiance
CLEAN, ORGANIC, HEALTHY. PARIS

NTICE



GRUPE
Casino



LOLO
L'ESSENCE DE LA MÈRE

*deux
And Clouds*

Lilly Skin

Visit us on loyoly.io