



# Connect!

REAL RELATIONSHIP MARKETING IDEAS



## A good Loyalty Program

by CHAD RUEFFERT

isn't just about repeat purchases.

Creating a program to build customer loyalty seems like common sense for most companies. Retaining a current customer's future purchases is a sure way to foster growth. That's why restaurants provide "punch cards" to reward multiple purchases, airlines provide frequent flier miles, credit cards offer cash back or free gift cards. One of the main goals of a loyalty program is to offer a "switching barrier"—a positive tie to a company that makes moving to a competitor less appealing. Real estate professionals can learn from these types of programs and adapt them to their own purposes.

Real estate agents who are interested in creating a loyalty program face an unusual hurdle, however, as the time between repeat purchases is measured in years rather than days or months. Does it make sense to incentivize a customer to a repeat purchase when it may take years to receive the payoff?

Unless you're at the very tail end of your career, the answer is absolutely yes. Simple math on the commissions earned by a \$250,000 home sale will show you that the payoff of a repeat customer 5

years down the road for a real estate transaction is probably more than double the profit earned by a restaurant from a restaurant patron who purchases loyally once per month for 5 years.

And a good loyalty program isn't just about repeat purchases. Cornell University's Center for Hospitality Research did an exhaustive report titled "Building Customer Loyalty: Ten Principles for Designing an Effective Customer Reward Program." While the report is targeted primarily towards the hotel industry, it holds great advice for anyone interested in fostering long-term loyalty.

"Repeat business does not necessarily mean loyalty, and true loyalty is more than repeat purchases," the report says. "Loyalty programs should be aimed at fostering a deep emotional connection between the customer, its employees, brands, and the broader organization. This type of connection only comes from repeated positive interactions and experiences with a brand."

A loyalty program for real estate professionals shouldn't necessarily be aimed at encouraging

a repeat purchase. Instead, it should be focused on "engaging the customer through numerous positive interactions." By doing this, you build your personal brand and retain ownership of the space in the customer's mind reserved for "my real estate agent." Additionally, you begin to create "promoters"—the people who actively and regularly endorse your services and skills and generate new customers through referrals.

So, while it's unlikely you'll create a punch card that says "Buy 9 Houses, Get the 10<sup>th</sup> House Free", today's the day to start an ongoing plan to engage your customers in numerous positive interactions and begin realizing the return of the loyalty you build. And while it may take some time to pay off, as the old proverb says, "The best time to plant a tree is 20 years ago. The next best time is today."

*Chad Rueffert is the president of Braintree Marketing, Inc. and the creator of the From Your Friends Relationship Marketing program.*

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