



The Rewards of a Reward Program

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Do reward programs, also called loyalty programs, work? What is so special about successful programs? Is there a place for loyalty programs in veterinary medicine? (See **Table 1**, page 28.) The majority of consumers ($\approx 81\%$) say that loyalty programs make them more likely to continue doing business with brands, and 66% of consumers report modifying spending to maximize loyalty benefits.¹

Types of Loyalty Programs

By generating a 5% increase in loyalty, a business may produce a 25% to 100% increase in profit.² (See **The Rewards of Rewarding**.) With 20% of veterinary clients producing 60% to 80% of practice revenue, client retention and loyalty motivation is a more profitable strategy than client acquisition. Following are the primary types of loyalty programs that can be good options for veterinary practices.

■ Stamps & Punch Cards

Stamps are acquired from specific activities and rewards are received after a specific number of stamps have been obtained. The first documented loyalty program was a version of the stamp card and was launched in 1896 by Sperry and Hutchison (S&H). The S&H program allowed customers to collect stamps through purchases at supermarkets, department stores, and gasoline stations and redeem the stamps for products (eg, housewares, apparel) from the S&H catalog. A popular version of this program today is the oil change stamp card, which allows the purchaser to receive a free oil change after 10 stamps on the card.

■ Points

In this model, points are accrued for dollars or services that can be redeemed for cash or a free item. The most well-known version is Starbucks, whose customers can earn points with each purchase and redeem the points for free coffee. Other companies (eg, Sports Authority, Sephora, Kohl's) allow customers to use the points for cash off a purchase.

■ Memberships

In these pay-to-play programs, customers generally are charged a participation fee and typically receive rewards for VIP services (eg, Amazon Prime offers free shipping). Costco and Sam's Club, for example, offer wholesale prices to program members. Rethink Veteri-

nary Solutions helps practices implement this type of loyalty program.

■ Spending Tiers or Levels

Customers using these programs gain more as they spend more. Each level of spending offers increased access to services and new experiences. Airline miles are the classic example. As customers move to higher tiers, they unlock experiences (eg, first class

BENCHMARKS

Loyal Clients Are Priceless

Consumer research shows that it costs a business 5 to 10 times more to acquire a new customer than it does to sell to an existing one. With the current situation of practices seeing a dramatic decrease in new clients, and the fact that current customers typically spend 67% more than a new client, the value of a loyalty program and the need to keep clients coming back to practices is obvious. Marketers will tell you that 65% of companies have implemented a loyalty program for these very reasons.

SOURCE: Yackel L. *Benchmarks 2017: A Study of Well-Managed Practices*. Columbus, OH: WMPB; 2017:76-77.

The Rewards of Rewarding^{a-d}

- Clients spend approximately \$10 more per transaction when they receive at least 1 loyalty stamp.
- Clients visit an additional time during the year when they achieve the reward goal.
- When a loyalty program is in place, clients spend approximately 10% more per year.
- Practice revenue can increase by approximately \$55 000 in the first year a loyalty program is in place.
- The return on investment for a loyalty program is approximately 2000%.

^a Data obtained via financial analysis of 20 US practices that use the Vet2Pet standard loyalty program and have an average of 4.5 veterinarians per practice

^b This analysis took into account a 5% annual fee increase.

^c This analysis accounted for the cost of the reward.

^d Data provided by Stacey Santi, DVM, and Vet2Pet App Builders

upgrades, airport club membership). Other examples include the M life Rewards program at casinos in Las Vegas, Nevada, which allows customers to purchase concert tickets early or book VIP seats at a show, and Nordstrom, which offers private presale shopping access for top-tier customers.

Understanding Programs

Loyalty programs leverage 2 key psychological tactics: the effects of oxytocin³ and the fear of missing out (FOMO).

- When people and pets receive a reward, they experience a surge of oxytocin and dopamine.^{4,6} The hormones are responsible for the feelings of happiness, bonding, and trust, which may become addictive. Loyalty programs are built on providing the same

temporary high that comes from winning a prize or receiving a reward (eg, a raise).

- Not all loyalty programs leverage FOMO, but those that do are typically more successful because the fear of missing out is psychologically twice as powerful as acquiring gains.⁷ For example, people who pull out their phones during conversations to check social media are exhibiting FOMO.

Building Successful Programs

Here are some strategic tips, based on the author's experience developing loyalty programs, for building a successful program that can influence client behavior in the veterinary practice. (See **Resources**.)

- **Keep it simple.** If the reward program cannot be explained in 15 seconds or less, chances are

TABLE 1 Revenue Generated Per Client in a Practice Using a Loyalty Program^{a,b}



^a Data covers 1 practice with 3 veterinarians
^b Revenue generated in first 9 months: \$477,24
^c Month in which loyalty program was implemented

clients will not be able to understand what they are expected to do and will not engage. Complicated programs rarely drive behavior.

- **Make it universal.** This is the Achilles' heel of the wellness plan—it only serves healthy patients. The ideal loyalty program will engage most—if not all—clients, whether they own a 16-year-old hyperthyroid cat or a 6-month-old golden retriever.
- **The reward needs to be attainable.** If clients follow all of the practice's recommendations, they need to receive the reward in a reasonable amount of time.
- **Everyone needs to want the reward.** Behavior cannot be influenced if the reward is not desirable. To create a reward clients want, consider clients' needs and perspectives.
- **Gamify it.**⁸ If clients are required to participate or take action in some way, they are more likely to feel they earned the reward, which reinforces the behavior. Remember *free* is a 4-letter word; typically, a product perceived as free is assumed to have less value.
- **Include a charitable option.** Encourage clients to participate in the program by offering to divert extra spending to a charitable cause. This puts an additional positive spin on the program.

Resources

- Vet2Pet. vet2pet.com
- AllyDVM: The DVM's Ultimate Ally. allydvm.com
- My Vet Perks: Veterinary Loyalty Rewards Program. myvetperks.com
- PetDesk. petdesk.com
- Rethink Veterinary Solutions. rethinkvetsolutions.com

Conclusion

The profession is at a crossroad—veterinary care costs are at an all-time high and are possibly influencing the decline in veterinary practice visits and the loss of ancillary income. A loyalty program that helps practices reward top clients (see **Resources**), drive revenue, drive visits, and avoid devaluing patient services may be one of the best ways to help remedy the problem. ■

References

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FUN FACT: Stacey is the former rollerskating champion of New Mexico.