



Designing a Loyalty Program for Apparel Industries



Why Is Loyalty Important For Apparel Industries?

- Highly competitive environment
- Co-relation missing between SKU level purchase and customer
- Industry requires frequent innovation, communication of which is expensive and difficult
- Mass media is usually helpful in building brand awareness, not useful in communicating frequency innovation



Some Public Facts About Loyalty Programs

- 76% of US retailers and 75% of US shoppers are engaged in loyalty programs
- Shopper's Stop claims more than 60% of sales from loyalty members
- Subhiksha claims 80% of sales comes from loyalty members



How Can A Loyalty Program Benefit Apparel Industries

- Carry out database marketing for communicating promotions
- Create an emotional connect by offerings promotions on days important to the customer. For e.g. anniversary, birthdays



Designing The Program

- A Apparel Industries customer – Middle Class, Upper Middle Class and Higher Segments
- Strategy
 - Loyalty to be structured around Brand / Design / SKU
 - Loyalty to be based on frequency of visit and/or purchase value.
 - Primary use of **loyalty status will be to communicate personalized offers and providing premium services**
 - Secondary use for **redemption**
 - **Partners Alliances**



Designing the Program...

- Grades based on:
 - Number of Purchase, Value of Purchase, regularity of Purchase
- Benefits based on:
 - Personalized offers based on purchase history
 - Simple use full services



Possible Benefits

Personalized Offers

- Personalized offers based on patterns
- Discount top up based on grade
- Preview to sales/ offers based on customer design / SKU preferences
- Invitations to fashion shows, sponsored events, other social events



Possible Benefits

- Tailoring home measurement and fittings.
- Discount top-up based on frequency of visits
 - Additional 2% - 4% discount above general discount
- Premium alternation services



Possible Loyalty Returns

- Life-long customer relationship
- Creating advocacy – reducing marketing spend
- Increasing on-the-spot spends
- Use patterns for stock planning