How Innovative Utilities Are Rewarding Loyal Customers and Attracting New Ones

By Meredith Ledbetter

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Clothing stores, restaurants, and supermarkets operate in highly competitive markets, offering goods that are only slightly distinguished from those of their rivals. Innovative marketing tactics are vital to holding onto current customers and to attracting new ones. In a sea of highly personalized engagement tactics, customer loyalty programs seem to be a favorite offering. Whether it's a punch card, a sign-up offer, or an accrual of points for each purchase, there's a loyalty program for every type of retailer, and they all have the same goal: to draw in and retain loyal customers. Let's look at some popular customer-centric rewards programs that can provide insights for utilities that want to design a successful loyalty program.

Coffee giant Starbucks' well-known My Starbucks Rewards program allows customers to earn free beverages and food, but instead of requiring customers to add another card to their wallets or keychains, Starbucks offers a mobile app that can be used to track purchases.

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Customers of pharmacy chain CVS can enroll in the company’s ExtraCare rewards program to receive coupons, in-store savings, and a percentage back from purchases in the form of store credit. Customers can carry a physical card or use a mobile pass for extra convenience.

Outdoor equipment and clothing company REI is a member-owned cooperative. Customers are invited to pay a one-time fee of $20 for a lifetime membership in exchange for a 10 percent discount on most purchases as well as access to member-only events at stores. The co-op structure creates a sense of community among members and provides strong incentives for repeat purchases.

The wide variety of rewards programs employed in the retail industry suggest huge potential for utilities in deregulated as well as regulated markets. Several utilities—including BC Hydro, Puget Sound Energy, and Direct Energy—are developing loyalty programs that reward specific customer actions and have a cohesive focus.
Create a program with rewards relevant to target customers
Design a program that is transparent and easy to participate in
Make the program fun and engaging
Reward customers for completing a specific action, such as paying on time or saving energy
Design the program around a purpose, such as attracting new customers, retaining current customers, or encouraging program participation

By offering creative loyalty programs, leading companies are paving the way for utilities to leverage these programs to attract and retain customers, increase participation in energy-efficiency programs, and boost customer engagement. Want to learn more? E Source members can read our recently published report, Loyalty and Rewards in Regulated and Deregulated Utility Markets, for case studies and best-practice examples. Got a great loyalty program at your company? Tell us about it in the comments.