

Loyalty Rewards Program Evaluation and Improvement

A Zappos Expertise Case Study - Customer Research

Challenges

- Identifying the correct loyalty rewards incentives for existing customer base
- Assumption-driven vs. data-driven information about the customer base created the risk of value propositions not aligning with actual customer needs/motivations
- Mimicking other loyalty programs with a different customer base does not necessarily align with Zappos goals
- Analyzing customer satisfaction alone can fail to capture true value add
- A loyalty program can be a huge liability if not evaluated properly

Background

The existing Zappos VIP Rewards Program needed to evolve to create more universal value and drive higher customer loyalty.

Solution

Loyalty programs are primarily designed to create a forcing function to incent additional purchases. Creating a more universal program has the potential to drive even more additional revenue.

- Gap analysis to identify features most valuable to customers
- After considering different features, Zappos ran a customer survey to gain insights on which ones were most valuable at incentivizing loyalty.

Results

Zappos applied a customer-centric approach in identifying perks that emphasized non-monetary rewards. A new loyalty program was implemented and saw a large increase in participation. The top two loyalty tiers showed increased engagement.