

# Increasing Sales and Building a Loyal Following as National Competition Mounts



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## Summary

### Client Profile

Regional leader in construction equipment sales and rental with 11 Midwest locations.

### Situation

Faced with the influx of several national-chain competitors into their markets, this distributor sought to retain its current customers and preserve market share.

### Solution

Create a relationship-oriented culture with an incentive program that offered customers greater value than simple price discounts – and motivated employees to reinforce a service-driven, personable brand image.

### Results

Performance far exceeded the original goal of defending market share. The distributor increased annual sales among program participants by more than 40% in the first nine months alone, despite extraordinary competition.

For generations, one of the Midwest's leading construction equipment suppliers had made a name for itself. The distributor made certain that its name was everywhere in the markets it served, through longstanding relationships forged with construction contractors and manufacturers and through local promotional brand-building efforts.

But in their core markets where construction volume hit an all-time high, the business landscape was about to change. Corporate giants planned to tread on the territory of this independent supplier, bringing with them the deep pockets that allowed undercut pricing. While many independent distributors had been swallowed up under similar conditions, this family-owned company upped the marketing ante.

Never one to be complacent, the company sought Loyaltyworks' help to lock-in customers and market share before the competition arrived.

### Loyalty program core to business success

After examining the distributor's operations, customer purchasing habits and other information, Loyaltyworks designed a points-based incentive program that awarded contractors with points for every piece of equipment rented or purchased. Points could be redeemed from a catalog full of thousands of top quality awards, from travel to brand name merchandise.

By the end of the program's first year, more than 600 contractors and builders had enrolled in the program. Almost immediately, the supplier experienced the greatest sales month in its nearly 50-year history.

"We couldn't have succeeded without the program," acknowledged the Vice President of Sales. "We just wanted to hold onto a portion of the market in the face of national competitors, but instead we actually increased our sales like never before."

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***“If we stopped the program, it’d be like taking away a big part of who we are.”***

***- Vice President of Sales***

Fourteen new competitive rental locations opened during the program’s first year. But despite this keen competition, the distributor still led the market and grew its annual sales to customers in the program by more than 40%. In the second year, the distributor established a complementary employee performance improvement and recognition program, awarding their employees with points for new contractor enrollments and sales.

A customized program Web site, powered by Loyaltyworks’ WebRewards™ technology platform, became an integral part of the program, featuring special promotions and point award and redemption information. Participants logged onto the site to monitor their progress, read messages from the client (distributor), shop for rewards and redeem points. The one-stop site provided the distributor with yet another vehicle to boost sales and build loyalty among its customers.

### **Manufacturers played too**

Manufacturers got in on the action by having their products highlighted for bonus point specials in ongoing customer mailings. The manufacturers subsequently paid for a portion of the points awarded to customers for buying or renting their equipment. Teasers for the points program, registration forms and enrollment bonuses also were included in 18,000 catalog mailings that blanketed the distributor’s market area.

### **Building loyalty inside and out**

In addition to building customer loyalty, the points program enabled the distributor to reward for other expressions of loyalty. For example, employees earned points for each year they had been with the company— resulting in a strengthening of relationships with employees.

In five years, participation in the loyalty program grew more than four times, totaling 2,500 customers. The VP of Sales reinforced the impact of the program, “We never needed a program like this before, but today we rely on it for most every aspect of our business.”

### **Loyalty program communication materials**

A series of communication pieces were used to introduce and explain the loyalty program, build excitement, and motivate customers.

#### **Awards catalog**



The Awards Collection catalog, filled with travel and merchandise options, encouraged participants to enroll in the program and set goals.

#### **Pamphlets**



Program pamphlets provided an easy-to-follow overview of the program details - the enrollment procedure, how to earn points, and choosing rewards.

#### **Other catalogs**



Supplier Equipment Catalogs were mailed to contractors every quarter. Each mailing also promoted the program and included an enrollment form.

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