

Leading Nursery Distributor Harvests Bountiful Sales Increase with Innovative Incentive Promotion



Summary

Client Profile

One of the country's largest nursery product distributors, with 31 outlets, serving landscaping contractors in 15 major metropolitan areas.

Situation

In a fiercely competitive industry, this nursery distributor relied on travel incentive promotions to drive sales in the busy months. However, when their vacation package vendor suddenly went out of business, they needed some customer care assistance and a new approach to incentives.

Solution

Loyaltyworks turned a potential customer-relations nightmare into a success story by using the Gifts and Getaways™ promotions platform to develop a customized travel and merchandise incentive program. Gifts and Getaways offered an enhanced rewards mix, was less risky than the traditional travel incentive promotions the nursery distributor had been using, and proved to be far more cost-effective.

Results

Sales among customers who participated in the spring program jumped 208% over the previous year. The program is now in its second year.

As one of the country's largest distributors of nursery products, this company knows a thing or two about growing things. In their long history, they evolved from a family-owned greenhouse in the Northeast to a leading national nursery distributor with 31 outlets throughout the country.

Although a one-stop shop for the landscape professional, cultivating strong relationships with contractors still remained crucial to their success. When they needed a fresh way to approach their annual customer incentive promotion, Loyaltyworks came up with an innovative alternative that produced outstanding results.

For the previous seven years, the nursery distributor used travel incentives during their busiest months to help boost sales and fend off intense competition. Their landscape contractor customers – who range from large companies to “one-man shows” – were awarded vacation packages for increasing purchases.

Stormy prospects turn sunny

The Loyaltyworks team helped the company smoothly transition from a potential customer-relations nightmare to a successful incentive promotion. Their vacation certificate vendor suddenly went out of business, leaving many of the customers with worthless certificates. The distributor needed new certificates and heavy customer service support to fix the situation. Loyaltyworks came through in a pinch.

The distributor was so pleased that they turned to Loyaltyworks to design an incentive program for the coming spring season.

The “Gifts and Getaways™” difference

In place of the travel incentive promotion, Loyaltyworks offered a program using Gifts and Getaways™ – a complete platform for incentive promotions, based on achieving performance plateaus, or levels.

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Based on the distributor's objectives, Loyaltyworks helped to establish the promotion structure and value proposition. The structure was composed of multiple reward levels at several hundred dollar increments with a selection of rewards at each level. Customers earned credits – redeemable for rewards – based on incremental purchases made in the spring quarter. The earning potential increased as the customer's purchase percentage increased. For example, 30% growth in purchases would result in two times more reward credits than a 15% increase, and so on.

With thousands of travel and brand name merchandise options in their standard catalog, Loyaltyworks had the ability to put together a powerful reward selection. Travel and merchandise rewards were selected based on the interests of the distributor's customer base. The rewards were prominently displayed on a promotion-specific Web site, which served as an invaluable communications tool.

Sales representatives personally invited customers to join in the promotion, and the value proposition proved strong enough that nearly all invited customers participated. When the five-month promotion concluded, the distributor sent Loyaltyworks a basic file of participant information and the amount of points each had earned. Loyaltyworks took it from there. They mailed an award letter to each participant, detailing the number of points accrued and simple redemption instructions – including a unique log-in ID and password to their own personalized promotion Web site.

Contractors redeemed their credits from a robust reward mix that included golf clubs, fitness equipment, tools and an assortment of vacation and sporting event packages.

Loyaltyworks handled the entire rewards fulfillment process from customer service to delivery.

An Impressive Outcome

The promotion was an unparalleled success—delivering some very impressive results. Sales among customers in the program increased 208% over the previous year, and the company saw an overall sales increase of 12% during the months of the promotion. Moreover, it was far more cost-effective than the travel incentive promotions they had used in the past. The nursery distributor paid a nominal fee for Loyaltyworks to set up the Web site and customized rewards redemption platform. After that, the only costs the distributor incurred were the rewards their customers redeemed for. Plus, because the earning structure was based on incremental sales, the program paid for itself—in this case, many times over.

Particularly compared to certificates

Compared to the vacation certificate option, based on a "breakage" model, the distributor found Gifts and Getaways to be a low risk option. With the vacation certificates, the company had to purchase a quantity up-front from a vendor, who based their pricing on the assumption that a given percentage of the certificates would never be redeemed. Whereas with Gifts and Getaways, the company only paid for rewards based on achievement of the promotion's objectives.

That's just the beginning

The company's contractors responded very positively to the new rewards platform. An overwhelming majority of participants redeemed for rewards.

Because of tremendous customer feedback and such strong sales increases from the Gifts and Getaways promotion, the distributor launched a fall promotion for the first time in their history... in addition to continuing with their annual spring campaign.

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For more information on how we can deliver outstanding results for you, please call 1.800.844.5000 or e-mail us at info@loyaltyworks.com or visit www.loyaltyworks.com.