

Loyalty Program Accelerates Online Sales for Tire Distributor



Summary

Client Profile

One of the nation's largest independent distributors of tires to the replacement market, serving independent dealers in 35 states.

Situation

Distributor wanted to drive dealer awareness and use of the distributor's online services and ordering tools. They hoped that the services would enable their dealers with superior customer service to compete more effectively against national chain stores. They needed a vehicle to complement their online offering, motivating in-bound traffic and usage.

Solution

A points-based incentive program that rewarded dealers for orders placed through the distributor's feature-rich Web site.

Results

Fifteen months into the program, the company had tripled the number of registered users to the site, improved online sales tenfold and was speeding toward an 80% usage increase. The dramatic increase in online sales also slashed the distributor's selling costs, enhancing their margins. Further, the combination of compelling incentive program rewards along with the distributor's online support services and tools helped to strengthen overall dealer relationships.

Getting customers to commit to the long haul is an uphill journey for any business. However, one national tire distributor made part of the loyalty-building process seem as easy as a Sunday drive.

With the help of Loyaltyworks, the company took a ubiquitous business tool and turned it into a primary vehicle for driving customer loyalty... and sales. In little more than a year, the company's Web site experienced a tenfold increase in sales transactions – and the growth rate of customers signing on to this concept of “e-orders” approached 80%.

A forward-thinking strategy manifested in a program that rewarded customers for their continued patronage of the Web site drove these results.

Boldly going into new territory

Competition in the tire business is tough – not only for the distributor but also the retailer, who faces competing outlets seemingly every few miles.

Knowing that the bulk of its customer base consists of independent tire dealers, who typically don't have the resources that large-scale national retailers enjoy, this distributor knew that the key to solidifying customer relationships lay in supplying more than just tires.



The distributor developed a dealer-focused Web site to enable the independents

better compete with larger dealers, while lowering the distributor's sales costs. The Web site gave dealers instant access to powerful business tools: product information, inventory status, financial and small business advice, and the ability to order products with a click instead of a call.

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“You can typically expect your existing growth rates to double once you start a loyalty program.”

- Director of Interactive Services

Not only did the distributor stand to gain significant cost savings by replacing phone orders with Web-based transactions, but the functionality also had the potential to transform their customers' operations by enabling them to boost service levels to their own customers. The speed bump to dealers embracing the site? Unlike the big, “networked” national retailers, many of these independent dealers were more accustomed to picking up the phone than the mouse.

“For the site to become successful as a vehicle to customer loyalty, it had to become a habitual business tool for users,” explained the tire distributor’s Director of Interactive Services.

“Of course, we all know that using an Internet site offers numerous benefits with or without rewards, but our challenge here was to get people to change business practices that had become very comfortable and reliable to them. We ultimately decided that a points-based loyalty program provided the best way to not only stimulate traffic to the site, but change the customer’s purchasing behavior.”

Loyaltyworks created a program to award distributors with points for every purchase made through the Web site. Points could then be redeemed for a variety of rewards, including thousands of travel and brand name merchandise options.

“One reason we chose Loyaltyworks as our partner was for the quality and diversity of its awards,” notes the company’s director. “The program becomes meaningless to the distributors, if there’s nothing of value in it for them.”

Don’t tread lightly – communications a key

The success of the program hinged on supplemental benefit-oriented communications, encouraging dealers to check out the site

and try the online ordering. An aggressive schedule included direct mail and Web-based promotions, coupled with personal sales calls.

“Keep in mind that, due to the nature of our independent dealer customer base, we had some customers who were already very Web active and a number who weren’t. So, in some cases we were just introducing our points program, and in others we were trying to sell them on the beauty of electronic commerce, period,” explained the distributor’s Director of Interactive Services. “It’s giving a little added push that gets the customer over the hump.”

The message broke through. Fifteen months into the program, the company had *tripled* the number of registered users to its online site. That usage translated into a tenfold increase in online sales and significant cost savings for the tire distributor.

Incentive program communication materials

A series of communication pieces were sent to program participants to explain the program, create excitement, and motivate action.

Program brochure



This custom brochure was distributed to the tire dealers to “rev” up enrollment activity during the program launch, including information on how to enroll, earn points, and choose rewards.

Direct mail postcard

