

**TADA**



**How to build  
a rewards  
program in  
automotive.**

# Did you know that the automotive Industry is suitable for reward programs?



## **HIGH SENSIBILITY INDUSTRY**

Automotive is a high sensibility industry, means that the buying process and purchase decision are made after one great consideration to suit all of one's physical tastes and practical needs. A loyalty program ensures customers to have first-hand trial experience to help them choose which products to buy.



## **PRONE TO REFFERALS**

Automotive related experiences are frequently discussed and shared among specific groups of automotive connoisseurs. This makes the probability of referrals even higher with incentives to do so.



## **HIGH CUSTOMER RETENTION RATE**

Once the customers are happy and have strong bonds with certain automotive brands, they tend to be regular customers. Various form of reward programs can create even stronger bonds with customers to make them hooked for life.

Fact: One of the biggest chunks in an individual's annual expenditure goes to automotive-related products, where fulfillment of the brand remains a top-deciding factor. That's why it is important for the automotive company to gain customers' respect and trust to make them choose your brand over the others' for a long run.

A loyalty reward program is a perfect way to encourage customers not only to choose your products but also to build a sense of acknowledgement as a way to promote your brand to the other customers through referrals. In this guide, you will learn how to capture more revenue and expand your reach through loyalty.



**Low Competition**



**High Competition**

The automotive industry is one of the most competitive industries out there because automotive products are prone to dynamic personal choices of the customers. The high sensibility industry and referral rate have made acquisition costs soaring high. A reward program supports your retention efforts and drives down your acquisition costs.

**Congratulations!**



**Your brand is perfectly suitable to capitalize on the benefits of a loyalty reward program.**

## **Program Strategy**



Automotive companies face a number of various challenges. One of them is how to make better innovation to meet customer's needs. A demand for customization and greater customer intimacy is growing rapidly and automakers are challenged to find new ways to get closer to the customers while maintaining profitability. This means that you need to generate your revenue by combining each of the customers' needs and their reliance on your brand that can be done by gaining customers' trusts and loyalty. This will affect their preferences of what automotive products to buy and get them to come back and buy from you again.

A reward program encourages your customers to trust you and keep on buying more of your products. First hand experience offerings gimmicks and points for every automotive products purchase make

your customers feel rewarded/appreciated that is crucial for them to choose your brand. When a customer feels a special bond and satisfaction with your brand, they are less likely to switch to your competitor.

You can also use your reward program to create a customer community, which is important for spreading good reviews of certain products. One of the main reasons a buyer is willing to spend his money on your automotive products is because he heard good reviews of someone from a trusted community that has already tried the products first. This is a great tool to promote positive experiences others have had and you can ensure a real first-time trial experience that happens with points.

A reward program is the best way to gain your customer trusts and loyalty to your brand!

# Program Objectives



## **ACQUIRE**

You already have some profitable customers, but it's always great to have more! Providing potential customers with a loyalty program that offers clear value will separate your brand from your competitors. Getting more bang for your buck is always attractive and demonstrates a commitment to excellent customer service.

## **RETAIN**

Once you've got your customers hooked, it's important to ensure they stay there. Developing a reward program that recognizes the longevity of your customer's spending habits is vital to keeping them engaged and satisfied with your products and services. Offering multiple ways to earn and redeem rewards will make your program more exciting, and keep more shoppers actively engaged.

## **NURTURE**

Brand advocates are essential tools for promoting your business, but they're not always easy to come by. Rewarding your customers for both sharing their experiences with your products and referring friends to your business is an excellent way to develop a relationship with your key customer base. By actively investing in this relationship, you'll be building trust with your customers that can't be outbid by competitors who offer nothing more than a low price.

**Outlining the purpose of your program will allow you to better track success and make valuable changes later on.**

# Let's talk about automotive specifics & recommendations.



## **VOLUME-BASED REWARD**

Automotive industry is all about building a strong bond with your customers. Your program should reward people for spending more with you and for bringing in repeat business purchase, that's why volume-based reward is the best way to do the accumulation. As a good example, reward your customers by giving them a free oil change service after they've paid for three oil changes. They'll come back for more!



## **BUILD A COMMUNITY**

A community helps maintaining a good relationship between customers and the brand itself as a mean for customers of certain automotive products to engage with each other and put a bigger trust to the brand. Some of the best practices this are by organizing regular meetings of customers that own certain car type of the brand and rewarding them with benefits that encompass lifestyle offerings for the car owners.



## REWARD FOR NEWSLETTER SUBSCRIBERS

Getting your customer to subscribe to your company's digital newsletter has many benefits especially to expand your business network. Customer who refers friends and relatives or gets special code after purchasing products from your company will be rewarded by various first hand trial experiences.



## TRANSFERABLE REWARDS BETWEEN PRODUCTS

Instead of choosing your customers gift, let them choose their own gifts that may fit their needs better. The flexible loyalty program will encourage buyers to buy in more from your company because one reward can be implemented in various products that they've purchased. Bottom line? Flexible rewards = more products sold.

**We've helped many automotive brands grow their business with rewards, including these amazing brands:**





# Here is what your reward program should reward points for:



## Earning Rewards

### POINTS PER PURCHASE

#### How does it work?

Customers will earn a certain number of points (or rewards currency) for every rupiah they spend or transaction they complete.

#### Why is this effective?

This type of reward is effective because it encourages members to perform the most valuable action on your site, making a purchase! The amount of points you offer will vary depending on your margins and what your direct competitors are doing.

### SOCIAL REWARDS

#### How does it work?

Customers are rewarded points for subscribing to your company's newsletter and social channels. They will also get points for referring friends and relatives and sharing your brand to their social networks.

### Why is this effective?

One of the factors that make one automotive company strives high in business is because they create friendly networking with their customers. The best way to broaden this network and attract more potential buyers is by making your loyal customers to refer your company to their social networks and gain trust based on real experience.

## **VOLUME-BASED REWARDS**

### How does it work?

Customers are given rewards based on the accumulation of actions they've taken. The most effective way to encourage customers in buying your products or service is by accumulating rewards earned. The more the points, the closer you are to free product or service!

### Why is this effective?

Volume-based rewards allow your loyal customers to feel privileged and appreciated while still appealing to first time or easy target customers. Whether they're new or regular customers, they all will have the chance in indulging free products and services that makes a lasting impression.

**Having multiple ways to earn rewards makes your program more engaging, ultimately makes it more profitable.**

# Now for the fun part: redeeming rewards.



## Redeeming Rewards

### DISCOUNTS

#### How does it work?

The following discounts and price-offs are great rewards to consider when designing your rewards program: fixed discount for automotive parts (rupiah or percentage off) and price-offs for automotive services.

#### Why is this effective?

Customers always appreciate being rewarded with rupiahs off or a promised discount in the future because it reinforces their decision to make purchases of your products instead of someone else's. This method of redemption is also very easy to explain and even easier to understand.

### PERKS

#### How does it work?

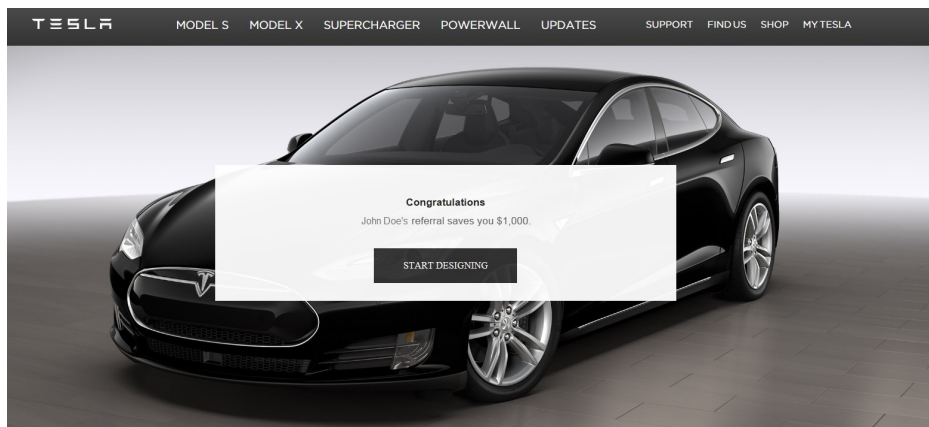
These rewards offer customers access to exclusive products and services after they make purchase for certain levels. Some examples include test-driving new cars, access to special events (product launches and company functions), and products or spare parts designed exclusively for program members.

## Why is this effective?

These rewards work best within an exclusive customer group based program. Offering these rewards only to those customers in specific range is an excellent way to increase the elitism and spark the feeling of being specially treated, which will induce more spending. A great way to leverage this type of reward is to host an event for your special customers where they get the opportunity to try new product innovation of your company. It will make them feel appreciated and give them the opportunity to discover their new favorite products.

# Automotive Case Study: Tesla Referral Program

One of the automotive case study examples of referral program can be seen from Tesla back in 2015 that changed its \$1000 matching referral system to \$1000 off for the buyer in which the referrer could get access to certain “prizes and giveaways” – that is commonly called a “double referral” system. The main reason for the company to change its referral system is to prevent customers of commercializing and selling their referral codes. Tesla has full right to withhold credits, discounts, or other awards when it is believed that customers are acting in bad faith that shows contrary to the intent of the referral program.



# Building a rewards program for automotive brands isn't rocket science.



## **DEVELOP A PROGRAM STRATEGY**

which places excellent value and customer service at the core of your program.



## **REWARD YOUR CUSTOMERS**

for referring friends and relatives to your business to encourage community.



## **PROVIDE MULTIPLE WAYS TO EARN REWARDS**

by making the rewards transferable to other products purchased.



## **OFFER REWARDS THAT BUILD UP TRUST**

and provide additional value in their day to day routine.



## **BRAND YOUR PROGRAM**

so that it becomes an integral part of your outstanding customer experience.



## **OFFER VOLUME-BASED REWARDS**

to motivate your customers to engage with your program regularly.

# TADA

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