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Rewards Programs Pay for Customer Loyalty, But Fail to Engage, According to Allegiance, Inc.

- New white paper explores impact of rewards programs on customer engagement -

SALT LAKE CITY – February 28, 2008 – Nearly 90 percent of American shoppers participate in rewards programs to gain points, discounts or prizes for purchasing products, but do these programs actually create engaged customers? [Allegiance, Inc.](#) explores this issue in a new white paper entitled ***Buying Loyalty: Do Rewards Programs Translate Into Customer Engagement?*** The paper analyzes rewards programs and offers suggestions on engaging customers so that customer loyalty does not depend solely on the presence or absence of a reward.

“Rewards programs have become pervasive in business today, but they alone cannot foster the emotional connection that is needed to develop long term customer engagement,” said Kyle LaMalfa, [Allegiance best practices and loyalty expert](#). “To connect with customers’ hearts and minds, companies need to encourage two-way communications and create a convenient way for them to express their comments and concerns. Engagement programs work hand-in-hand with loyalty programs to strengthen the long-term bond between the customer and the brand.”

The paper also discusses the three factors used to determine the effectiveness of rewards programs, including:

- 1. Cost** – What does it cost to run loyalty programs? If a company gains more than they spend on managing the program, is that enough reason to have one?
- 2. Data** – How is the data being used? Is the data being used to improve the organization, the rewards program itself, the customer experience? Are they using the rewards program data to retain customers?
- 3. Program Evolution** – What have you done for me lately? Once you give customers discounted or free stuff, what will they want next? Can companies afford to keep giving more?

Rewards programs can add value to the customer experience. However, by themselves, rewards programs cannot create the emotional attachment that brings true customer

engagement. Engagement is built over time and comes from creating mutually beneficial relationships with customers. One of the keys to creating relationships is providing customers with direct access to company decisions makers though a feedback management system that demonstrates the company is listening to their concerns.

The full white paper **Buying Loyalty: Do Rewards Programs Translate Into Customer Engagement** can be downloaded free at <http://www.allegiance.com/library.php>.

About Allegiance

Allegiance, Inc. is the premier provider of [Enterprise Feedback Management](#) (EFM), solutions that drive growth and increased profitability through improved [customer loyalty](#), [employee retention](#) and engagement. The Allegiance [Engage Platform](#) is a suite of web and phone-based solutions joined with best practices consulting that allow companies to measure and manage customer and employee engagement across the enterprise. The components of The Engage Platform are customizable to each company's needs and offer management tools and predictive analytics that link employee and [customer engagement](#) to real business outcomes. Allegiance serves customers of all sizes across a variety of industries. Allegiance is a privately owned company based in South Jordan, Utah. For more information about Allegiance, visit <http://www.allegiance.com> .

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