



BEST PRACTICES FOR BUILDING A CPG Loyalty Program

From snacks to toiletries to household supplies, today's top CPG brands use loyalty programs to drive revenue, increase average order value, and boost basket size:

\$100,000

average dollar value earned from loyalty per year

205%

increase in AOV from loyalty orders

176%

increase in basket size from loyalty orders

Here's how the best of the best in the CPG industry run their loyalty programs:

🕒 *Not sure where to start? Click the heading in each section to visit the related help article.*

🔍 Visibility

Create a dedicated landing page and place it prominently in your website's header and/or footer, as well as a branded loyalty launcher. Customers will be able to easily find and access your loyalty program in a single click.

⚙️ Program Settings

Reward customers with points for paid, partially paid, and fulfilled orders, but not for void, canceled, or Amazon orders. Point calculation should exclude shipping and taxes.

POINTS PROGRAM

Earning Rules

Incentivize customers to complete actions in exchange for points, including purchases, reviews, and subscriptions.

Orders: Give variable points for purchase, ranging from 1 to 10 points per dollar.

Account: Offer points for account creation (100 - 250 points), birthday celebrations (150 - 200 points), and newsletter subscriptions (50 - 100 points).

Social: Reward customers with points when they follow your brand's social accounts (50 - 250 points), such as Facebook and Instagram, and engage with your posts (15 - 250 points). Consider customizing the point value for each individual social network depending on where your customers are most active and/or where you want them to be most active.

Additional Recommendations:

- Increase brand recall and repeat engagement by setting higher earning values for account creation and social follows.
- Brands with low repurchase rates should offer a higher points ratio (5 points per dollar) while brands with high repurchase rates should offer a lower points ratio (1 point per dollar).
- Drive more repeat purchases by offering 50 to 500 points for every 3 to 10 orders; frequency should be determined by the average product use cycle.
- Brands that offer subscription services should consider offering up to 50 additional points for every subscription registration and renewal.

Redeeming Rules

Motivate customers to redeem their points in exchange for rewards, including discounts, free shipping, and free products.

Overall, CPG brands should focus on offering fixed amount discounts in exchange for points, valued between 20 - 100 points per dollar.

Additional Recommendations:

- Brands with a high purchase frequency should offer lower point redemption values, up to \$1 per 500 points. Brands with a low purchase frequency should offer higher point redemption values, up to \$1 per 20 points.
- Brands that offer accessories to complement their CPG products should consider rewarding customers with free products, where they can redeem points to increase their AOV and basket size, anywhere 200 to 400 points for products valued at \$10 - \$25.

REFERRAL PROGRAM

Give customers points (100 - 200 points) or fixed amount discounts (\$5 - \$20) for each successful referral to motivate them to share referrals, and incentivize their friends with fixed amount discounts (\$5 - \$10), with a minimum order value requirement. Referrals are a critical acquisition channel for CPG brands, so offering similar reward values for both customers and their friends makes it lucrative for everyone.

VIP PROGRAM

The most common VIP program structure consists of three tiers, where the base tier activates customers, the middle tier engages customers, and the top tier rewards brand loyalists that contribute the most toward overall revenue. When well-configured and properly promoted, the base tier should consist of approximately 60% of customers, the middle tier should be 30%, and the top tier should be 10%.

Brands should consider customizing the name of their loyalty program, VIP tiers, and points to improve brand recall and strengthen customer relationships. They should also leverage gamification in their tiers by incorporating challenges and rewarding customers for their achievements with experiences they truly value.

Additional Recommendations:

- Brands should use points accelerators to gamify point earning across tiers. For example, 1.25x points at silver and 1.5x points at gold.
- Brands with low repurchase frequency should offer higher point earning values. For example, 5 points per dollar at bronze, 6 points per dollar at silver, and 7 points per dollar at gold.
- Brands should treat their top VIP customers to exclusive perks like early access to sales and product releases.
- Brands with higher average order values (AOV) should consider offering experiential rewards like early access to product launches, exclusive sales, and birthday gifts.
- Brands with subscription services should reward customers with percentage discounts or fixed amount discounts for multiple orders per year instead of variable discounts so order frequency increases with each tier.
- Brands with subscription services should also consider offering other special benefits like VIP events, exclusive in-store tastings, and more.

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To create this guide, we assessed the top CPG brands using Stamped Loyalty to identify common success factors by looking at their loyalty program set-up, execution strategy, and performance metrics. While these best practices are based on methodical quantitative and qualitative research, they are only recommendations, not requirements. They also do not guarantee the same results or level of impact demonstrated by these brands. We always recommend that brands assess their own needs, goals, and outcomes to determine what will work best for them.

