

Utility Company Cooks up Sweet Reward Program, Takes a Slice from Competition



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Summary

Client Profile

One of the largest electric utilities in the United States, providing service to more than 4.2 million business and residential customers.

Situation

Owners of small to mid-sized restaurants were consistently choosing gas-powered cooking equipment despite the clear benefits of going electric. The utility company sought to convert those customers to electric appliances.

Solution

Spur the sales of electrical equipment by rewarding restaurant equipment distributors for influencing the restaurant owners to go electric. Distributors earned points for selling and installing electrical equipment in new and existing restaurants.

Results

Impressive: A 290% return on investment, 80% cost reduction, and twice the sales goal obtained in half the time.

A major electric utility company sought to increase kilowatt usage by converting small-to-midsize restaurants from natural gas-powered cooking equipment to electrical appliances. It was an endeavor championed many times before...but this time, the utility company added a new component to the mix.

In the past, the campaign focused on end-users – the restaurants – by awarding cash rebates to those who chose electric equipment over gas. But with the help of Loyaltyworks, the utility company took a strategic step back in the sales chain...redirecting its sales efforts to equipment distributors who influenced the purchase decision.

The new strategy yielded mouth-watering results.

Reward program electrified sales process

Loyaltyworks knew that, prior to the program, salespeople at the distributor level had no incentive to promote one type of cooking equipment over the other. So, Loyaltyworks helped the utility company retool its sales strategy with a distributor-focused rewards program.



Branded the “Clean Cooking Awards,” the program rewarded equipment salespeople with points for getting restaurants to go electric. Points were redeemable for a range of top quality merchandise and travel rewards.

Almost instantly, it stirred salespeople’s interest in promoting the benefits of electrical cooking equipment: lower costs for cleaning, maintenance, cooling and ventilation. “We essentially hired a sales force of 100 people who were plugged into the industry without employing a single one,” declared the utility’s Food Services Division Manager.

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“At the height of the program, we saw a return on investment of close to 300%.”

- Manager, Food Services Division

Representatives from Loyaltyworks and the utility company visited equipment distributorships to promote the program. It paid off as they ultimately enrolled all of the major players, and more. Sales and point awards poured in from the very first day, and in only six months the company had doubled its annual goal of new electrical equipment installations - in restaurants that otherwise might have chosen gas. The return on investment was tremendous, reaching 290% at the program's peak.

Salespeople enrolled in the program kept tabs on their point awards by logging onto a Web site customized by Loyaltyworks for the “Clean Cooking Awards” campaign. Using the site, powered by Loyaltyworks’ WebRewards™ technology platform, they could view point balances, shop the awards catalog and follow an easy redemption process. One rep accumulated an impressive two million points and walked away with a classic grand piano. The winner of a new Jeep Grand Cherokee monitored her progress throughout the program as she worked toward her goal.

Electrifying participants too

Because salespeople were rarely in the office, Loyaltyworks enrolled the distributors’ office administrators in the program as well, rewarding them for quick processing of the equipment sales invoices that confirmed the point awards. To further encourage sales – and ensure a smoothly run program – administrators became eligible for 10% of all the points they processed. Now the distributor’s employees across the board were motivated to sell electrical equipment.

Enthusiasm over the reward program electrified dealers, who began to compete with one another more aggressively for business. . . and points. In the end, the utility company spent less than half of its previous incentive budget and initiated the installation of

thousands of new electrical cooking units. “Our decision to move the program upstream, away from cash rebates to merchandise and vacation packages for the distributors, reduced our budget by 80%,” recalled the manager.

Ten incentive and loyalty-marketing companies vied for the utility’s business, but Loyaltyworks won the competitive bid and helped the utility open doors in a market controlled by gas providers. “We couldn’t have done it better,” said the satisfied manager. “And we couldn’t have done it without Loyaltyworks.”

Reward program communication materials

Loyaltyworks’ full-service approach included the creation of communication materials to explain the program, create excitement, and motivate action among distributors.

Direct mail postcards



The postcards accelerated sales by introducing “double point” award bonuses and keeping the program and the equipment reps’ reward goals “top-of-mind.”

Statement stuffers



Additional bonus opportunities were communicated through a series of statement stuffers mailed each month with the participant’s points statement.

Catalogs



The merchandise and travel catalogs were customized for the program and distributed to spark enrollment activity during the program launch.

Envelopes



Custom envelopes, branded with the program logo, were used for all mailings.

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.