

# **What is the most effective type of loyalty program that can be applied to existing B2B customers of General Mills India?**

## **Introduction**

General Mills India is among the larger food companies of the world with well-known brands such as Nature's Valley, Betty Crocker, Annie's organic snacks, Häagen-Dazs, Cheerios and a range of Pillsbury products.

The focus of this research is the B2B businesses of GM India. GM India sells cake-premixes such as but not limited to celebration cake mixes, tea-time mixes and other dessert mixes. With more than 100 brands and 500 businesses spread across India, GM India has cultivated several loyal customers. GM India supplies these cake mixes to businesses like Angels in My Kitchen etc.

I will be looking at different types of loyalty programs and contextualizing them in terms of General Mills India and propound a potential program that could possibly be utilized.

## **What is a Loyalty Program?**

Customer loyalty programs essentially reward customers who repeatedly interact with a brand. It's a customer retention strategy that encourages customers to continue buying from your brand rather than competitors. The more a customer buys or engages with the brand, the more rewards they earn which tremendously encourages customer loyalty as well as build a kind of connection between the seller and the customers.

## **Advantages of Loyalty Programs:**

1. Reward current customers
2. Reduce slow seasons
3. Reduce costs
4. Create mailing lists
5. Boost profits
6. Find new clients
7. Improve brand reputation
8. Get ahead of competitors
9. Incentivize more shopping
10. Increase brand relevance

## **Types of existing Loyalty Programs:**

### **1. Point Programs**

Point programs are the most common programs around the commerce world, as they are the simplest ones. They are based on one simple principle: Spend more to get more.

GM India could potentially utilize this type of program as it is easy to execute and straightforward. As customers buy more premixes, they get point that can be used to buy more products later. However, a drawback is that these types of programs are usually used in retail businesses where people don't buy in bulk, but a point based program reduces churn rate.

### **2. Tiered Programs**

One way to find the right balance between attainable and desirable rewards is to implement a tiered loyalty reward system, which rewards initial loyalty and encourages more purchases. A tiered based program could potentially be the second step after implementing a point-based program, where customers who have a certain number of points are in a different tier

### **3. Partnered Program**

Strategic partnership for customer loyalty can be super effective regarding customer retention, as you offer them more opportunities. This could be implemented in a way that, customers that reside in a certain tier get certain benefits.

## **Examples of Loyalty Programs in the FMCG Industry:**

### **1. Sephora: Beauty Insider**

- Customers earn points for every purchase
- Points can be redeemed as rewards

### **2. Nestle**

- You earn points by interacting with Nestlé blogs
- Points can be redeemed for a Nestle goodie bag

### **3. Coca-Cola**

- For every Coca-Cola purchase, you get points through their app by scanning the QR code on the product
- Coca-Cola has a value-based loyalty programs where they are catering to an individual's values and morals. For example, for a certain number of points earned it donates to a certain amount of money to a charity or an NGO.

## **Other Notable Loyalty Programs:**

### **1. Asian Paints**

Members of this program get exclusive access to finishes, special events like India Design Week, new product launches, and get to showcase their projects on our website & social media channels.

## **Potential Program**

As you can see most loyalty programs are not just a single type of style but rather an amalgamation of different kinds. A potential program that could be implemented for General Mills India can be a cultivation a point program that places you in tiers and then you have access to certain exhibitions and events.

- Points can be given for the products bought by a customer
- A tier system can be implemented where customers with more points are in different divisions
- Customers in higher tiers could get potential access to conventions and exhibitions such as the Food India Expo where bakers could either go as spectators or the exhibitions can be used as a platform to promote and show case the works of the B2B customers of GM India by using GM products.