**The Evolution of Customer Loyalty Programs
By Chaz Berman**

Customer loyalty programs—programs designed to reward customers for frequent and repeat purchases—started as early as the late 19th century. At that time, they mostly took the form of “green stamps” programs. These functioned by providing customers green stamps proportional to the amount of their purchase at the time of checkout. Customers could save these and eventually exchange them for merchandise.

During the middle of the 20th century, many retailers gave out coupons and add-ons as primary loyalty strategies. By including a coupon in the packaging of a product, retailers incentivized customers to buy a brand again. Offering a “freebie” with purchase achieved the same goal.

In 1981, customer loyalty entered the modern era when American Airlines launched its frequent flyer program. The program benefited the airline because the program helped the airline to retain customers and clients by rewarding them for their patronage. Today, digital tracking systems allow most airlines, hotels, car rental companies, grocery stores, and other retailers to offer some form of customer loyalty program with ease.

**About the Author**

Innovator and serial entrepreneur Chaz Berman has earned recognition for his work in a number of fields. When he served as CEO and Chairman of the Board at UCB Network, Inc., the company won the title of Best Loyalty Program on the Web for two consecutive years (2006 and 2007).