

Mauve Partnership

Are loyalty schemes really worth it?

June 5

⋮

Depends where you are sitting?

▪
▪

Depends where you are sitting?

- Prospect
- Customer – new, active, lapsed, non or participating in loyalty
- Marketing CRM Director
- Revenue – Finance director
- Shareholder

And the type of programme:

1. Commoditised reward voucher
discount based, repeat purchase
2. Flexible loyalty programme that
rewards and recognises based on
driving desired behaviour?



Loyalty: a few facts & stats

- 49.6% of companies can identify their most loyal customer
- Good customer service (34%) was the single aspect most likely to encourage people to spend more, followed by personalised rewards they felt were relevant to them (30%).
- Poor customer service (44%) is the aspect most likely to put people off increasing their spend, followed by unachievable rewards (28%).
- Only 12 percent to 15 percent of customers are loyal to a single retailer, but they represent between 55 percent and 70 percent of sales.
- 50% of members said they would change their behaviour to reach a higher level within a loyalty programme

Case study: Supermarket

- Nearly 9 in 10 respondents mentioned the name of a specific supermarket where they shopped most often. Of that group of shoppers, one-half said they participate in that store's loyalty or rewards program.
- Among those respondents, 28% are activated participants in their primary store's loyalty program. That is just 14% of those who have a primary supermarket.

Loyalty after recession

Supermarket switch:

- Morrisons, ASDA, Aldi and Lidl stealing customers away from Tesco (by default).
- Now with markets showing signs of recovery, the question remains: will customers stick to the Morrisons or will they return to brands they were 'loyal' to before?



Tesco

The Tesco Clubcard gives you 2 points per £1 you spend, each point = £1 in store

A family who spent £5,000 a year in Tesco and £3,000 on petrol would benefit from a mind blowing £65 off their shopping a year.

Supermarket's sales slump by 3.7%
Tesco may be losing 'a million shoppers a WEEK like for like on an average shop of £25



It's all about engagement

- The chasm between activated and inactivated loyalty program participants poses a challenge to organisations
- The best way to create high-performing customers is to focus on the elements of customer engagement
- Activated participants in primary loyalty and rewards programs aren't necessarily fully engaged with the companies that offer those programs. But when they are, the power of customer engagement is evident.

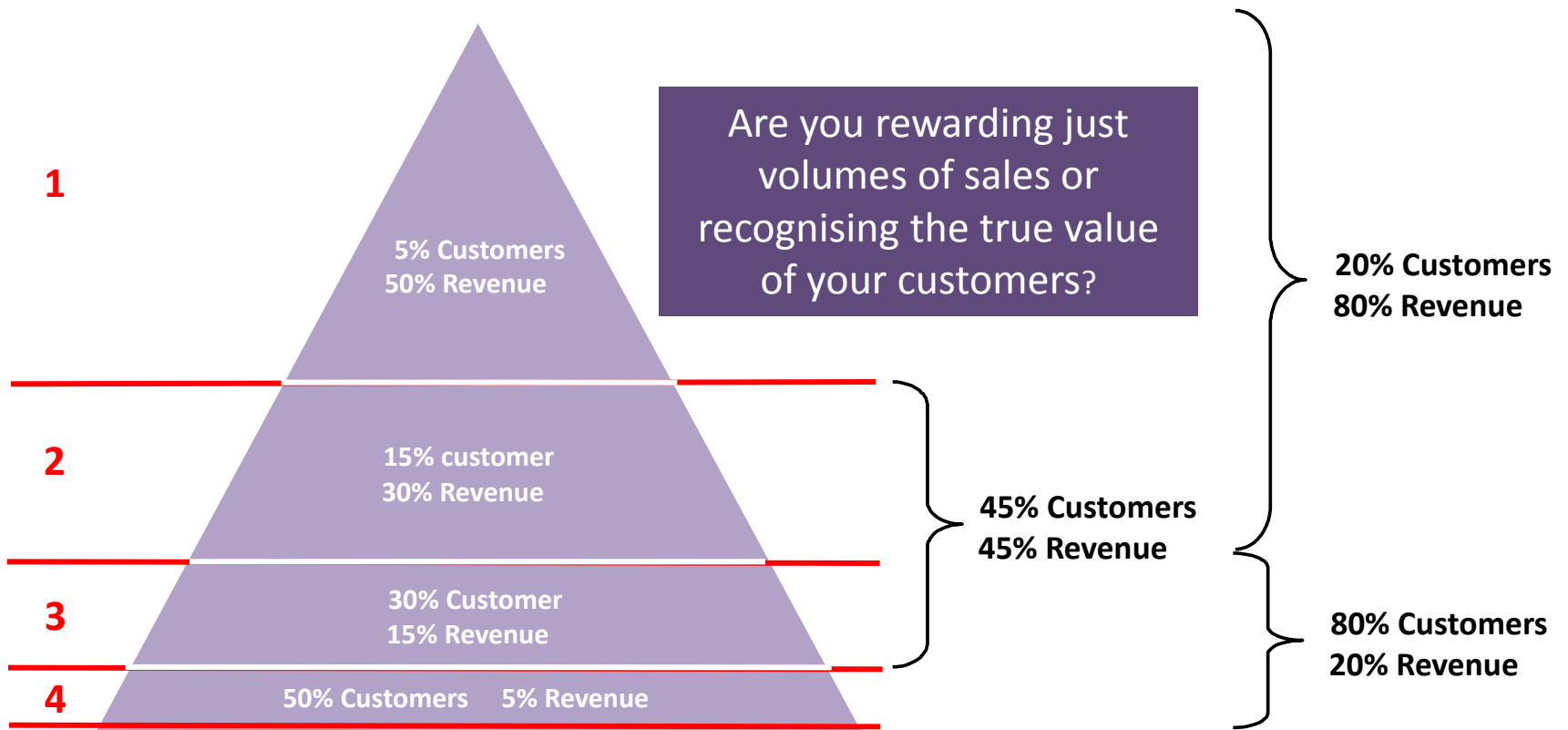
One size programme doesn't fit all

- Repeat programme versus loyalty
- Identify customers' present value and future potential
- Understand the requirements of different customer groups
- Capitalise on the information gathered to influence customer behaviour

Have a base programme and invest around potential value, need and opportunity

Who should be your primary target?

“Standard” Pareto revenue distribution model



Direct to consumer portal: Priceless - distinctive and engaging

MasterCard processes over 22 billion transactions each year, has the capacity to handle 140 million transactions per hour, with an average network response time of 140 milliseconds and with 99.99 percent reliability

Challenge:

They are a card issuer

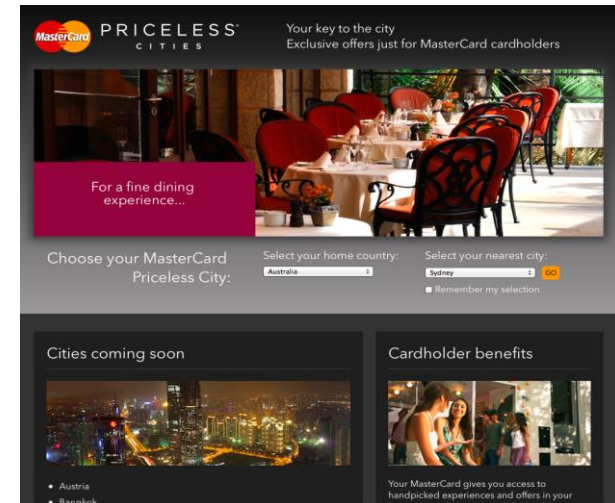
They don't own the customer

Due to liability they cannot run a global loyalty programme but they support them



Direct to consumer portal:

- Focus on affluent customers across the globe
- Talk to them where they live, work and visit
- Encourage them to engage with MasterCard and the Priceless London portal
- Offer them inspiring experiences and rewards that they will love and seek out 8 pillars
- Build and encourage a dialogue with consumers
- Seamlessly roll out into other city destinations globally



Summary: Are loyalty schemes really worth it?

- Don't treat all customers the same, who are the most valuable
- Dynamically drive behaviour based on insight gained
- Ensure your loyalty program is engaging and kept fresh
- Recognise and reward in real time based on your customers motivations, needs and desired behavior
- Ensure your partners enhance your customer experience
- Be patient

Thankyou

Jef Harris

Mauve Partnership

www.mauvepartnership.com

jef@mauvepartnership.com

0203 137 7763