



# Loyalty – A new kind of reward

Hear how the loyalty experts are leading the way with best practice

Research Partner



A best practise study by InternetRetailing

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Editor: Liz Morrell  
Editor-in-Chief: Ian Jindal  
Design: Alex Gold  
Publishing Director: Chris Cooke  
Group Account Director: Andy James  
Account Director: Marvin Roberts

Tel: 020 7933 8999  
Fax: 020 7933 8998

InternetRetailing  
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PO Box 6009  
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RG19 4TT  
Tel: 01635 879361  
Fax: 01635 868594  
Email: [internetretailing@cirdata.com](mailto:internetretailing@cirdata.com)

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## Editor's comment

Loyalty schemes have gone through a rather strange evolution in recent years. Their initial introduction – particularly with the likes of Tesco Clubcard and Boots Advantage Card -- saw huge excitement and a rush to emulate such schemes by their peers.

But with the rush to market came saturation. In a market where everyone is chasing loyalty how do you stand out? And, in a market where customers are no longer quite so driven as they were by discounts, then how do you persuade a customer to be loyal to your brand?

Such questions saw a change in the market around two years ago as a spate of retailers launched new loyalty schemes with new rules – some solely digitally based, others combining both traditional card and digital loyalty, but all attempting to answer this next generation loyalty dilemma.

But, is that all there is to loyalty? Too many retailers think of loyalty as having to be embodied within a specific programme and sometimes it's more about mentality. In this whitepaper, supported by our partner, loyalty expert ICLP, we look at the change in the market and where loyalty activity is heading next. We look at the business case for loyalty (page 9), and the role of digital and multichannel loyalty (pages 13).

In an effort to drive personalisation – whether of offers or the shopping experience – data is increasingly key, but how much of a part do loyalty schemes play in this and how do you get your customers to share the data that you need? (page 14 and 15)

This whitepaper combines best practise in the market with the views of more than 100 retailers canvassed in an online survey on loyalty by InternetRetailing. This is supplemented (pages 16 to 25) with in-depth analysis and interviews with those responsible for heading up some of the market's most innovative loyalty schemes – from Harvey Nichols' Rewards to Marks and Spencer's Sparks. But we look at the smaller retailers too – from Feel Unique to online retailer Beads Direct – to look at why loyalty schemes aren't just for the masses.

Loyalty is changing and evolving at perhaps its fastest pace yet and the opportunities are huge. This isn't just about keeping your customers loyal – it's about turning them into true devotees. Read on to find out more.

Liz Morrell  
Editor



## Who are your best customers? Which ones need a little nudge before they move into that category? Does sending them discounts make them more loyal, or encourage them to delay their purchases until your next sale?

These are the kinds of questions that data analytics can answer, provided the data is being collected properly in the first place. Loyalty programmes were originally created with that motive – to be a repository for customer information so that companies could better understand their motivations.

Today, customers are now getting wildly diverse experiences with different brands, both on- and offline. Some brands are using that data to personalise the shopping experience, some only go as far as pushing more of previously purchased items, and some are not collecting data at all.

Where personalised experiences are appropriate for a brand, they can engage customers, increase their likelihood of a repeat visit, and make them a proponent of the brand.

For the companies that do want to enhance the customer experience through data and personalisation, do they need a formal loyalty programme? Does that programme have to issue points that customers later use for discounts? The answer to both questions is not necessarily. Whilst traditional loyalty programmes still have their place, and new ones are emerging fast, loyalty is a maturing capability.

In fact, at ICLP, we now find ourselves using the term loyalty strategy, better still customer strategy, more often than loyalty programme. It better reflects the many ways we can inspire loyal behaviour in our clients' customer. With or without a programme, a company can use intelligent analytics to get insight into customer behaviour and preferences.

Whatever the method, highly personalised services or basic segmentation – we are all ultimately trying to drive customer devotion. In this whitepaper, we will see how brands are faring in the quest for data and customers who are truly loyal.



**Jason De Winne**  
General Manager, UK  
ICLP

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+44 (0) 20 3725 0349  
[carolina.mandich@iclpoyalty.com](mailto:carolina.mandich@iclpoyalty.com)

# Examining the business case for loyalty

## What does loyalty actually mean for retailers and what's the business case for having a loyalty programme in place or not?

**R**etailers have long stressed the value of loyalty and the role of loyalty schemes in fostering brand loyalty – but in a changing market, how can retailers really reinvigorate customers' passion and loyalty?

For every positive report about the state of the loyalty market there are negative ones too – for example, a recent report from GI Insight claimed that whilst 94% of consumers belong to at least one loyalty scheme, nearly half have never actually used them. Equally, it's claimed that more than £1.3 billion is currently sitting unspent in UK loyalty schemes.

So should retailers invest in loyalty schemes or not or do different things to generate loyalty within their businesses?

"You have got to have a good product at good value for money and then reward programmes give you that extra differentiation and a vehicle for communicating with people. Go back 10 or 15 years and everyone was spending their marketing budgets on TV and press. Reward cards give you a much more personal and intimate communication with the customer," says Joe Irons, chief customer officer at Paperchase, which launched its first loyalty scheme last year.

Customers know they are more in control than ever and, having grown bored of some of the more complicated schemes – where benefits are often confusing to understand – are instead demanding easy to use, clear to understand schemes with rewards or benefits that are useful and personal to them.

But what is the current state of loyalty? In our retailer survey we found a mixed response when it comes to whether retailers have loyalty programmes or not. Only just over a third (39%) of those surveyed already had a loyalty programme in place.

However, it's a growing market. A quarter of respondents said whilst they didn't have a loyalty scheme currently, they were planning to launch in 2016. More than a third (36%) said they had no such plans to launch a loyalty scheme programme for their business.

Loyalty schemes have traditionally focussed on point collecting systems that usually allow some sort of discount to customers – rewarding loyalty with money-off. This pattern

was reflected in our survey. 38% offered the ability to collect points that can be redeemed for rewards and nearly the same amount (37%) offered discounts.

This is a model that has dominated the market for years but the points for prizes approach has changed in recent years as retailers switch instead to rewarding loyalty with experiential rewards rather than just monetary ones as they seek to forge closer emotional attachments with their customers.

"In terms of loyalty and retail, what's beginning to happen is that loyalty and brands are becoming experiences, especially since social media and digital has emphasised the experience of a brand. 'Points mean prizes' may work, but if the experience isn't great, then no amount of loyalty points will persuade that customer to shop again," says Nick Fletcher, strategy director at ICLP.

This move to experience-based rewards was a focus for just over one in five of our retailers surveyed, with 12% offering special VIP services to their best customers – such as exclusive sales days, free returns or alterations – and 9% offering rewards that money can't buy, such as access-all-area tickets to events.

At fashion retailers Hobbs, its Together loyalty programme offers a number of exclusive benefits – from instore events to sale previews and free birthday gifts. With more retailers offering such benefits, this is a figure likely to grow further as retailers move away from traditional points-based schemes.

Retailers are also increasingly aware that customers understand how they use the data from loyalty schemes to retarget lapsed or poorly spending customers with new deals. This means that for some the system is being abused, with reports earlier this year suggesting many shoppers were using two loyalty cards for one supermarket for example to try to trick the system into thinking a shopper has lapsed. If a retailer can instead win the customer's loyalty and devotion it could be argued there is less likelihood of the traditional discount system being abused.

For some the move to experience-based rewards is easy – at Harvey Nichols, for example, it's the focus of the company's recently launched scheme. For others, such as Superdrug, whose schemes have been running longer, changes have to be managed more carefully to avoid customer backlash. Only last month, for example, Tesco



### Do you operate a loyalty programme?

**36%** No, and no plans to launch a programme

**32%** Yes, happy with our programme

**25%** No, but launching something in 2016

**7%** Yes, dissatisfied with our programme

### If you have a loyalty programme, what mechanisms do you use to motivate or recognise customers? (multiple choice)

**38%** Customers collect points that can be redeemed for rewards

**37%** Discounts

**9%** Rewards that money can't buy, such as access-all-area tickets to events

**12%** Special VIP service given to top customers, such as exclusive sale days, added value services like free returns or alterations

**6%** Other

announced it was stopping its Clubcard Boost events to change its reward focus and Starbucks also made changes to their loyalty scheme last month to reward customers based on amount spent in store rather than number of store visits as previously.

At Superdrug, the company's Health and Beautycard loyalty scheme has focused mainly on points, but since 2015 it has looked towards more experiential-based treats too. "Customer experience in its entirety is becoming a much more important marketing tool. Yes, customers are expecting great prices, services, products and availability but on top of that is the feel-good factor," says Matt Walburn, customer and marketing director for Superdrug. "We are trying very hard to delight the customers and not just deliver what they expect. It's important to drive advocacy and we see it working," he says.

#### The simplest offers can work wonders

Although many retailers are going down the event and experience route – from exclusive instore events to early Sale previews – the success of something as simple as a free tea or coffee has perhaps been one of the most poignant reminders that essentially schemes must be simple to implement and understand.

The launch of my John Lewis in October 2013 saw customers get hugely excited about the offer of free hot drink and cake once a month as the retailer sought to entice them instore.

The benefit was initially offered as a monthly reward but is now restrained to at least three times a year however customers love it for its simplicity and other retailers have caught on.

“ For some brands a more transactional scheme will work quite well but with Sparks we recognise that the relationship our customers have with M&S moved beyond the transactional ”

*Matt Walburn,  
customer and marketing director for Superdrug*

At Waitrose a free drink is offered each time the customer shops, and at Paperchase, which launched its loyalty scheme last year, the retailer offers free tea and coffee in larger stores that have a coffee shop inside to its Treat Me customers. “Our customers absolutely love it. It’s very real and tangible and not at all complicated, and adds to the shopping experience,” says Paperchase’s Irons.

#### **Personalised discounts still play their part though**

Despite the move to experience-based loyalty offers, discounts do still play their part, however. At Marks and Spencer shoppers collect points within the Sparks scheme to open up different levels of offers and experiences to suit different customers’ spending patterns, personalised to their shopping habits.

“The aim of the scheme is to offer benefits that are more personalised and more rewarding,” says Nathan Ansell, director of Sparks and CIU at Marks and Spencer. “For some brands, a more transactional scheme will work quite well, but with Sparks we recognise that the relationship our customers have with M&S moved beyond the transactional. They want to feel a part of M&S,” he says.

Although customers may have turned away from the idea of blanket discounting, the notion of targeted discounting is turning them on, with an increasing number of retailers allowing customers to choose the brands that they want a discount on – putting their customers in control of which brands they want to save money on rather than the retailer.

myWaitrose launched its Pick Your Own Offers benefit – where customers can choose 10 brands on which they can get a 20% discount each time they shop – in June last year

with more than a million customers using the facility by January of this year.

Boots has trialled a 10% discount offer on customers’ choice of five brands and at Feelunique a 10% discount on a customer’s favourite brand is at the heart of its offer. At online jewellery retailer Beads Direct meanwhile customers can select a range of products suited to their needs for a permanent discount.

#### **Charging for loyalty**

Whilst in most cases, loyalty scheme membership is free, there are retailers who charge for the privilege. At Go Outdoors, the company’s customer membership card costs shoppers £5 a year but gives the card-holding shopper a range of discounts.

Beads Direct is considering following a similar model by planning to introduce a premium section of its VIB (Very Important Beaders) Club where customers will be able to access even more tailored benefits for a small annual fee.

If you think charging for loyalty is a tough one, however, then don’t forget the example of Amazon Prime. The online giant may charge a hefty fee for its customer membership scheme but the savings it offers can more than pay back the cost of the scheme.

#### **Ensuring loyalty is a commercial success**

However retailers try to embrace loyalty, they also want to ensure anything they do in this space is commercially successful as well as just driving positive customer sentiment. Last year, for example, it was reported that Waitrose had lost



## Do you consider your loyalty programme to be a commercial success?

38% Yes



6% No



£150,000 thanks to customers abusing its free coffee offer through its myWaitrose loyalty scheme.

Customers are entitled to a free drink every time they shop with the retailer, and though in its cafes it politely asks seated customers to buy something in addition to their free drink, it's a hard stipulation to enforce. When John Lewis launched free hot drinks, it offered them initially on a monthly basis – now scaled back to at least three times a year.

In our survey, 6% said that their loyalty schemes had failed to be a commercial success. Only just over a third (38%) ranked them as a commercial success. Commenting on the survey, one retailer said it was one of the biggest things he was trying to understand: “The true value of a scheme and how to calculate it,” he said.

Most worrying, however, was the fact that more than half (56%) of those surveyed were neutral on the subject of commercial success. And, of those that did have a loyalty scheme in place, 7% said that they weren't satisfied with the result of their programme.

Having a business case for loyalty obviously means the requirement for metrics for such a programme, but the report showed that retailers varied hugely in the metrics they used to measure what success actually means.

For many, membership acquisition was the greatest measure. However, this doesn't necessarily mean success. In our case studies section later in this whitepaper, we discover that for many retailers, whilst initial sign-up is easy, the challenge comes in getting retailers to go beyond simply taking a card to fully registering for a scheme. At Superdrug, for example, it took a concerted registration effort from store

staff to finally ramp up customer registration from around a fifth of the 10 million cardholders the retailer had to three-quarters now having registered their details.

For other retailers, measurement is around sales and redemption, especially for those with newer schemes who are still finding their feet. “We only launched six months ago but we are going to use average transactions and spend initially,” said one respondent in our survey. Another retailer new to the loyalty scheme market said similar: “We are still in the very early stages of our loyalty scheme development, but are currently measuring sign-ups versus generated sales as a VIP member,” said the respondent.

Loyalty – and the business case for loyalty is changing. “It does depend on what you want to achieve, but it's definitely shifting from transactional loyalty toward emotional loyalty. From a customer point of view, that is ‘I like you and trust you, my experience with you is enjoyable, and you reward me with things I love,’” says Jason De Winne, General Manager at ICLP. 🌈

# Digital – where loyalty comes into its own

The concept of card loyalty is old hat compared to the rise of digital, which offers a far more responsive ability to drive loyalty, but what's emerging in this space?

Loyalty schemes have moved on a long way from their stamp or swipe card foundations. Now they exist not only in card form but in digital too, allowing much more dynamic changing of schemes as a result, as well as an ability to get closer to the customer than ever. “You can be more fleet of foot and make changes and add benefits very quickly,” says Nathan Ansell, director of Sparks and CIU at Marks and Spencer.

## For some digital is the only choice

Many retailers have chosen to combine app and card, but for some, digital is the only option even though they have physical stores. In May last year, for example, Harvey Nichols launched its solely app-based scheme, Harvey Nichols Rewards.

“Having our scheme delivered via a digital platform and a mobile app was determined by months of extensive research and testing,” says Kerem Atasoy, head of digital marketing at Harvey Nichols.

“The clear cut conclusion was that an app was the most desirable platform through which to launch our scheme. It allows us to provide a more personalised experience for our members than a traditional card would allow, and also enables greater flexibility with our offering and allows us to update the app regularly based on customer insights,” says Atasoy.

Whilst Harvey Nichols may have decided on a purely digital scheme, for others – pureplay retailers for example – then digital loyalty schemes are the only option available for them. But when you haven't got a card to remind customers of your existence, how do you make your digital loyalty scheme stand out?

Gamification is increasingly coming into play in this space. In August 2015, Boston Retail Partners published a report, *Loyalty Programs – Rewarding the Customer Experience* – that suggested that 181% more retailers plan to use gamification within loyalty programmes within five years in order to help better engage customers and encourage social interaction.

The idea of gamification can take many forms. French digital loyalty scheme provider Lucky Cart calls it promo gaming. The company, which works with around 150 retailers in France and launched in the UK a few months ago, white labels technology that allows retailers and brands to offer random discounts to their customers by tempting them into online draws.

“We allow retailers to innovate and send a different type of message to their customers for the same price and business model so that instead of a retailer giving away a 10% discount on a brand, we can offer the shopper the chance to win the product they have just bought for free,” says Cyril Marchal, founder and president of Lucky Cart.

The concept works by showing an instant win game at the order confirmation page. If the customer wins, then their order value is refunded. “Most retailers that are still doing 5 or 10% discounts should embrace the idea that consumers are more irrational than they may think, and would rather have a random discount,” says Marchal.

“This works because it's a game and it's fun, but what really matters is that we are allowing retailers and brands to come up with a bolder message for lower prices,” says Marchal. “Every game we create is tied to a sale so it becomes an incentive for customers to buy something,” he says.



**“ That’s one thing brands are struggling with - how to reward someone who spends their life on Twitter saying how great you are who may not be the greatest spender. It’s about the notion that they too are being rewarded. ”**


*Jason De Winne,  
ICLP’s General Manager in the UK*

Promotional games are tailored to each retailer. “On average the shopping cart in France is close to 90 Euros but that can hide a lot of different values. We have some that are €20 and some that are €500. But getting a £15 shopping card for free is not the same incentive as say a smaller chance of winning £100. Getting that smaller chance of winning something significant could be a game changer so it’s about crafting the right message,” he says.

#### **Rewards are getting social too**

Retailers are also starting to use social as a new medium to reward loyalty too. At Marks and Spencer, the retailer offers points for engagement, which will include points for writing reviews. This includes 25 sparks for a product review. “The idea is by creating more of a community by sharing your experiences with other people to help them make buying decisions,” says Ansell.

ICLP’s Jason De Winne, General Manager in the UK, believes that social reward will become increasingly important – with retailers having to work out how to reward loyal brand advocates who in themselves may not be big spenders, but who still deserve rewarding for their brand loyalty. This needs to be done carefully of course, without tipping into the realms of effectively paying people for praise. “That’s one thing brands struggling with - how to reward someone who frequently says how great you are on social media, but is not necessarily the greatest spender. It’s about rewarding them as well. There are a few brands doing it at the moment but more are going to have to embrace it,” he says.

With digital allowing for the biggest transformation of the loyalty market, we’re likely to see much more transformation yet. 

# Taking loyalty mobile and in-store

Whilst some retailers may have a purely digital focus for most the concentration is on combining instore with mobile to get the best of both worlds.

**R**etailers continue to embrace the idea of multichannel loyalty and move to more sophisticated methods of capturing and rewarding customers' spend and loyalty, whatever device or channel they are using.

Our research showed that of those retailers we surveyed most had some level of cross-channel functionality. For half of those surveyed, customers were able to access the retailer's loyalty programmes through the company's website. 30% were able to access instore via devices such as a kiosk. Nearly a quarter (24%) of retailers had loyalty programmes that their customers could access through the retailers' phone or contact centres too.

## The role of the mobile app

Retailers with existing loyalty schemes have tended to integrate the loyalty functionality of their schemes into their apps and it's a growing trend. Boston Retail Partner's loyalty report, published last August, suggested that more than half (56%) of retailers plan to participate in mobile loyalty applications in five years, whilst 883% more retailers plan to have the ability to identify customers when they walk in the store via their smartphones in five years – the use of mobile loyalty being key in this.

And, in a study of 1,000 smartphone users in the UK by mobile app developer Apadmi, published in November 2015, it was suggested that more than a third (34%) of customers said that retail apps need to provide more offers or a loyalty scheme in order to increase engagement. The study showed that only 20% of UK smartphone users already interact with a retail loyalty scheme on their phone but more would be willing to do so.

Our own survey, conducted in conjunction with ICLP for this whitepaper, showed that just over one in five (21%) of retailers allowed their customers to access their loyalty programme via an app. As we heard earlier, for some it's the only option despite them having a bricks and mortar as well as digital presence. "Research showed that over 80% of our customers preferred an app rather than another card in their wallet," says Kerem Atasoy, head of digital marketing at Harvey Nichols, which launched its digital scheme last year.

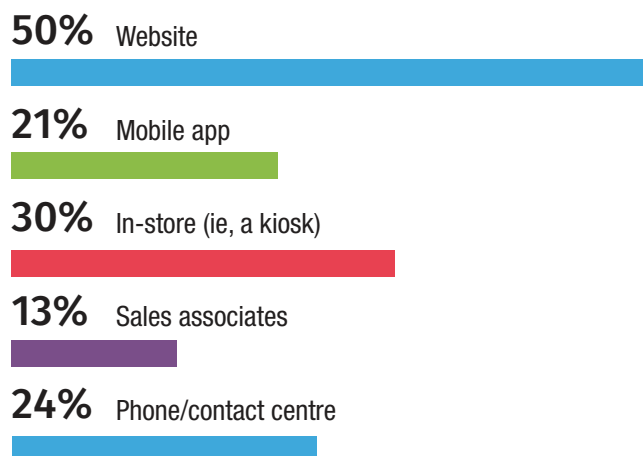
But retailers have to understand whether an app is the best route for their customer base. At stationery retailer Paperchase, which also launched its loyalty programme, Treat Me, last year. Initial research showed that an app wasn't actually wanted by most customers. This meant that the scheme launched as a card-based scheme with an app to follow.

"Ten years ago everyone had points cards but you could never quite understand what having the points meant," says Paperchase chief customer officer Joe Irons. "Then everyone went down the app route but people have got so many apps that sometimes they only get used once. When we did our customer research, only about 20% wanted a digital experience," he says.

"For some customers it was about not having Wi-Fi but also our customers are clearly buying analogue products like notebooks. They aren't real digital natives and so the majority of them preferred to have a card," he says.

However, the brand has recognised that an app offers

## Is your loyalty programme accessible by your customers across different channels? (multiple choice)





additional functionality which can be attractive for some customers and therefore the retailer will launch an app by Christmas, according to Irons.

“When the customer signs up, all of the treats are automatically on the card to begin with, which customers love. Treat Me works on mobile and any device but we wanted it to be more than just a loyalty card so will add more layers to it when it comes to the app – it could have their memorable birthdays listed for example – so that it adds more value than just a transactional loyalty app,” says Irons.

Whilst retailers may be increasingly enabling their loyalty schemes to work across channels, the challenge is in delivering a fully integrated experience – something that retailers are struggling with according to our research. Less than 1 in 10 (9%) said that the experience was fully integrated across channels and that they therefore rate themselves as 10 out of 10. “Our biggest challenge is integration - i.e. we aren’t fully joined up across all channels,” said one retailer.

In fact, it seems that retailers feel they are distinctively average in this respect with a ranking of 6/10 for the highest proportion of retailers in the survey (17%).

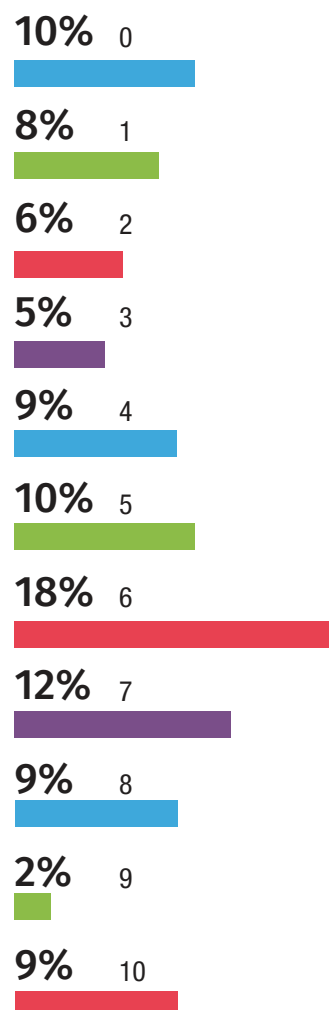
Better integration across channels is the ambition of many retailers: “Our programme will become increasingly cross-channel, mobile optimised and relevant to the wants and needs of our pet loving customers,” says Gavin Hawthorn, head of the VIP club at Pets at Home, which is one of the case studies featured later in this whitepaper.

As shoppers shop across devices and channels, retailers are working hard to understand where and how they are losing customers. Yet our study found it was something that the vast majority of retailers were unable to get a metric on with only 13% knowing the level of cross-shopping to competitors from their online and mobile sites to competitors compared with 87% who didn’t know how many customers they were losing in such a way. And, despite the fact that the reasoning for many retailers putting in added values, such as free instore Wi-Fi giving the ability to capture customer data and movements, the numbers were even higher for those who knew whether or not customers were cross-shopping with competitors whilst instore (such as a customer in a physical store showrooming and checking out a product in the flesh before buying on the likes of Amazon), with only 9% knowing and a huge 91% not.

It seems there is much to do yet to truly embrace loyalty across mobile and instore. 🇧🇷

**How do you rate yourself for the consistency of the customer’s experience across the channels you offer?**

0 no channels - 10 fully integrated with equal capabilities



# The role of data and operations

What data is needed to support loyalty programmes and how retailers get it into the hands of those who need it.

Loyalty schemes used to simply indicate what the customer bought and when, and rewarded them for doing so. Today, the use of the data collected is far more sophisticated and is used to finely hone and tailor personalised messaging and targeting that will persuade the customer to buy even more.

“If a customer has signed up to your loyalty scheme, they do expect you to become more personal with them,” says Joe Irons, chief customer officer at Paperchase. “It’s your job as a brand to talk to them about stuff they are interested in,” he says.

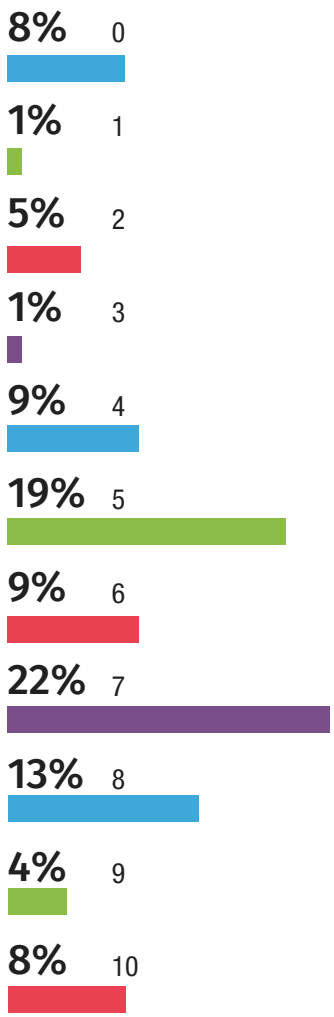
But how do you get them to share the data that will enable such personalisation when they are used to taking a card, and doing little more with it than retrieving it from their purse or wallet once in a while to collect points?

In 2014, Superdrug began a massive registration drive within its business after realising that of its 10 million cardholders, only 2.5 million were actually registered. Given that customers can’t redeem their points until they have registered their cards online, this meant that shoppers were not being able to use the cards, and more importantly, Superdrug wasn’t able to get the data it required to improve its proposition and personalisation to its shoppers.

By better promoting the idea of registration at the till, the retailer ramped up registrations by a further 5 million so that three quarters of its cardholders have now registered their details. Superdrug customer and marketing director Matt Walburn cites that as the biggest lesson learnt by the retailer: “We learnt how important it is to get registration at the point of purchase. You have to make that connection with the customer there and then, and they have to commit to being a member to us. We have been able to deliver that later on in the scheme, but learnt that it’s better to go for quality of membership than quantity from the off,” he says.

Getting customers to share their data is a challenge all retailers face. In our survey, of those who responded, only 8% said that their customers were completely willing to share data. The same amount refused to share any level of data. Again, retailers said their customers took a more middle of the road approach. 22% rated themselves as 7 out of 10 for the willingness of their customers to share data whilst 19% were middle of the road at 5 out of 10.

**How willing are customers to share personal data with you?**  
[0 - unwilling to share  
10 totally willing to share]





Retailers have to focus, therefore, on improving the willingness of their customers to provide the data that they need – meaning customers need a reward of sorts. “There used to be an expectation that customers would give companies loads of data; now people realise that their data has value, and want something in exchange” says ICLP’s Jason De Winne.

In our survey, retailers used a number of methods to incentivise customers to share data – such as offering free delivery to those who have registered online. “That in itself is a big saving and works well,” says Matt Walburn.

At Harvey Nichols, even the retailer’s high-end customers are more willing to share data when they know there is something in it for them.

“The exclusive perks and privileges that you can only access through Rewards by Harvey Nichols means that customers are relatively open to sharing the data we need. The more we celebrate with our customers and give them something back, the more responsive they are and the easier it is for us to build a mutually beneficial relationship,” says Kerem Atasoy, head of digital marketing at Harvey Nichols.

For some retailers, such as Superdrug and Paperchase, offering birthday treats can also help better identify the customer – though in Paperchase’s case the retailer doesn’t actually ask the year of birth.

“We offer a birthday treat with a specific deal for those who have given us their birthday details. It can be a discount off a whole shop or a certain category but it’s our way of saying thank you,” says Superdrug’s Walburn.

For others, it’s simply about encouraging shoppers to realise that by sharing details they, as a retailer, can deliver more relevant promotions to their customers. “We ask our customers to tell us some information about their pets so that we can deliver them increasingly relevant offers and content. If we deliver on this promise and take note of the information they have taken the trouble to share with us, generally they trust that they have done the right thing,” says Gavin Hawthorn, head of the VIP club at Pets at Home.

It’s getting this balance right that is crucial, according to Christian Kingston, Planner at ICLP. “You need to be quite explicit about what you are going to do with the data and how you are going to use it,” he says.

But retailers shouldn’t get too hung up asking for data from their customers when there are ways of learning more simply through better analysis, according to ICLP’s Fletcher. “There is a limit to the amount of data people will give you but there is lots of implicit data you can get – for example, you should be noting where your customer is and how long they spend on a page. From there, you can monitor and retarget their activity online. There are ways of collecting data without asking.

“You can also do fun surveys with a prize draw – that gift becomes the data exchange, just as when you share your mobile number in using an app,” he says. 🎨

#### **Ways in which retailers in our survey are encouraging customers to share data and sign up to loyalty schemes**

- First look at product launches
- Invitations to events and experiences
- Permanent discounts on items chosen by the customer
- Exclusive discounts and rewards
- Money off vouchers
- Personalised communication with personalised discounts
- The ability to refer friends and win money and prizes
- Points earned to put towards a discount on future purchases
- Donation to charity
- Birthday bonus

# Spotlight on best practise

A behind-the-scenes look at how some of the most innovative retailers are driving loyalty amongst their customers

## SUPERDRUG' HEALTH AND BEAUTY CARD

A DRIVE FOR ACTIVATION HAS SEEN SUPERDRUG'S LOYALTY SCHEME, WHICH CELEBRATES ITS FIFTH BIRTHDAY THIS MONTH, MASSIVELY INCREASE CARD REGISTRATIONS

Superdrug launched its first loyalty programme in May 2011 with its Beautycard, allowing customers to earn points both online and instore. Although late to the market – going up against Boots' then 16 million active Advantage Card customers – the retailer took note of what others had done.

"We were able to learn technically from those who had been in the space for longer," says customer and marketing director Matt Walburn. This month the scheme will celebrate its fifth birthday both instore and online.

Communication is digital rather than paper-based with customers receiving two or three emails a week – one a newsletter and one personalised email driven by their behaviour or category spend.

The company also uses the card database to send out a weekly pulse email to 10,000 customers a week offering a 60 points for 60 seconds incentive to feed back on their store experience. "Our aim with that is to get a snapshot of their experience that week which provides us with a dialogue in our Monday morning trading meeting," says Walburn.

The initial launch focussed on the female customer but, recognising that 20% of its customer base was male, the scheme relaunched as the Superdrug Health and Beautycard in 2014 with a more unisex branding on the card (although the mirror, a feature since launch, stayed).

In September 2015 the retailer moved its loyalty scheme to mobile – allowing customers to transfer their points across to its new app or use both the card and the app.

"We started with a very basic proposition – a good, engaging app with loyalty at its heart," says Walburn. App downloads are currently at the 200,000 mark but Walburn says this will be built further. "There is content and member-only pricing deals on there but we've yet to really incentivise

the download and that's something we will look at doing in the future," he says.

Today there are more than 10 million cardholders but concentration in recent years has been on building registrations rather than expanding cardholders further.

In 2014 the company launched the capability for staff to register customers at the till – taking email, address and any other information that customer was willing to give at that point. Registrations ramped to 50,000 a week and now three quarters (7.5 million) of the card holders are registered meaning that they can redeem points and Superdrug can personalise communication. "It's become a much more powerful tool," says Walburn.

The scheme was initially launched as a points-based scheme and that remains largely its focus with the retailer working with its suppliers to offer extra/triple point promotions.

The retailer also launched "treat Thursday" last year where it offers a 10% off promotion off particular categories each week. "We email the whole opted-in database on Wednesday evening to say there is 10% off X category. On top of that we have a separately located freestanding unit in store that offers member only pricing," says Walburn.

Since 2015 the retailer has also embraced the importance of experience-based treats in its business and will develop this further. However, this won't include third-party benefits. "We want to reward customers with added value stuff that is to do with our business – its point is offering advantages to the brand they have joined," says Walburn.



## FEELUNIQUE – UNIQUE MEMBERS CLUB

At online premium beauty retailer Feelunique, loyalty is key. The business encourages its customers to become part of the Unique Members Club, earning a 10% discount off their favourite brand for life as a reward. Customers signing up have to have bought from Feelunique previously and registered for an account with the company. “It’s a fairly simple mechanic but actually, when we did our research with customers, they told us they loved it,” says Jim Buckle, COO of Feelunique.

And though a simple reward it does its job, he says. “From a customer’s viewpoint, customers who shop regularly with any retailer want to feel they are recognised for their loyalty. If you are a new customer, you need to know why you should build a long term relationship. From a business point of view, it’s invariably more cost effective to maintain a relationship with a customer who has already made the commitment of a first or nth purchase than it is to go and find a completely new customer,” he says.

The Feelunique loyalty scheme is to be developed further this year to better reward more loyal customers too. “We will be introducing new loyalty elements in the next few months that are more focussed on rewarding customers based on how much they shop with us,” says Buckle. “The current scheme will be retained but it treats all customers equally. The new elements will differentiate between customers depending on how much they shop with us and are designed to encourage shoppers to increase their frequency of shopping with us,” he says.

For Feelunique the ultimate responsibility for the loyalty scheme sits within the company’s marketing team – since it is they who are responsible for ensuring the brand has the highest possible number of active customers.

“But in its broadest sense, building up a loyal customer base goes to everything we do – having the right products at the right price, a great website experience, personalisation, fast and hassle free delivery, great customer service to help and advise the customer, engagement in social media etc.,” says Buckle.

“Having a great loyalty scheme is important but it’s only the icing on the cake. The cake itself is about delivering a great customer experience across the board,” he says.





## PAPERCHASE – TREAT ME

### THE RUNAWAY SUCCESS OF PAPERCHASE'S TREAT ME SCHEME HAS EVEN SURPRISED THOSE BEHIND ITS LAUNCH

At stationery retailer Paperchase, the retailer initially trialled a loyalty scheme in Scotland in seven stores after customer research had shown a loyalty scheme could be of value to its customers. However, Paperchase chief customer officer Joe Irons says that the company wasn't prepared for how popular it would be. "We were blown away by the reaction and couldn't quite believe how many people signed up. We trialled it for six months and then rolled it out in June last year," he says.

To date, less than a year after launch, Paperchase has 1.2 million cardholders signed up – a million of whom signed up in the first six months. "That was way beyond our expectations," he says.

The sign-up process centred on the staff member and customer relationship at the till point. "That's where most of the sign-up takes place. We capture the customer's email address and the till and give them their card there and then," says Irons.

Activation is key, since although customers can use their card, there are added benefits once a card is activated online, such as free click and collect and orders upgraded to next day delivery. "All we have usually captured at the till point is the customer's email address and their date of birth. When they activate online we ask a few more questions – such as whether they are students, interested in arts and crafts, or have kids," says Irons. "That will allow us to personalise further down the line," he says.

Around 25% of cardholders activate their card online. "I didn't want to make it too onerous on the customer and for them to have to activate their card online – I wanted them to be able to start using it as soon as possible," he says.

Customers are offered a range of offline benefits too, such as 15% off their next purchase and a free gift or money-off on their birthday. "The key thing is about making customers come in. We went into it not expecting it will change anyone's life, but if it adds a bit more emotional

glue and persuades people to cross the road once more in a year, then it's worked," says Irons.

For Paperchase, like many others, the rewards aren't simply just about monetary or discount reward, says Irons. The company is looking into more tangible treats too. In its larger stores it offers free coffee as well as a discount on food, and is also offering discounted product personalisation in some of its larger stores – such as putting a name on a notebook for half price.

And the retailer is about to roll out crafting events and children's birthday parties in its stores – both of which will be offered at a discounted rate to Treat Me customers. "It's not just about discounting; it's about member benefits, which is what customers told us they wanted when they did the research," he says. "It's not a discount scheme or a points scheme, it's nice things on top of nice products," says Irons.

The advertisement features a green background with a pattern of small white dots. At the top, the 'Paperchase' logo is written in a white cursive font. Below it, the 'Treat Me' logo is prominently displayed in a large, stylized, orange and red font with a white outline. Underneath the logo, the text 'NO POINTS - JUST PERKS' is written in a clean, white, sans-serif font. A central image shows a Paperchase Treat Me loyalty card with a colorful vertical stripe pattern and a circular badge that says 'JOIN TODAY!'. Below this, the heading 'WHAT'S SO GOOD ABOUT Treat Me' is followed by a grid of benefits: '15% OFF Your next purchase\*' with a percentage icon, 'GIFT On your birthday\*' with a gift icon, 'FREE Click & Collect to a store\*' with a shopping bag icon, 'FREE Upgrade to next day delivery' with a delivery van icon, '£5 REWARD When you spend £50\*' with a pound sign icon, and 'PLUS EXCLUSIVE Treats' with a crown icon. At the bottom, a larger image of the loyalty card is shown with the text 'ACTIVATE YOUR CARD AT PAPERCHASE.CO.UK/TREAT-ME'.

## PETS AT HOME – VIP CLUB

PETS AT HOME'S VIP CLUB SCHEME NOW HAS AROUND 4 MILLION MEMBERS AND 12 MILLION PETS REGISTERED, MAKING IT THE LARGEST PET LOYALTY SCHEME IN THE UK

Pets at Home launched its first loyalty scheme, its VIP Club, in November 2012 – attracting more than 1.5 million customers within a year. By December 2013, the scheme accounted for around 40% of transactions and nearly half of revenues as well as giving the retailer a clearer idea not only of how many customers it had, but also the type of animals they owned.

The scheme offers exclusive offers and discounts as well as VIP Lifelines, allowing donations to be made to the customer's chosen animal charities each time their VIP card is swiped. To date more than £3.5 million has been donated to animal charitable causes as a result.

“Our VIP club was launched from a standing start,” says Gavin Hawthorn, head of the VIP club at Pets at Home. “We set out from the very beginning to offer something which was very different – including a loyalty rewards currency which generated charitable lifelines for more than 350 animal charities as well as relevant and useful offers and content to help our customers get the best for their pets,” says Hawthorn.

By the time of the publication of its 2015 annual report, the VIP Club had become the UK's largest pet loyalty

retail programme, with 3.2 million members – 1.2 million of whom were added during the year – 10.5 million pets registered and a 65% swipe rate for the card in the last quarter of its 2015 financial year compared to 52% the year before. In January 2016 the retailer reported that members had increased to 4.2 million – with 250,000 new members added since the previous quarter and including 12 million pets.

The retailer uses the analysis of its customers' spend – combined with knowledge of their pet types, breeds and ages, to send personalised marketing offers to try to boost what they buy. It has reported that the longer customers are a VIP member, the more they spend. Offers are sent via direct mail addressed to the customer's pet or through email.

In 2015, it launched the VIP Groom Room Rewards programme, giving new members a 25% discount on their first dog groom and further discount vouchers after subsequent grooms.

The company has also enabled its store vouchers for use on its website and mobile optimised its direct email communications and offers to enable them to be used instore on mobile phones.

Future developments are also in the pipeline. “Our programme will become increasingly cross-channel, mobile optimised and relevant to the wants and needs of our pet loving customers,” says Hawthorn. “The biggest trends we are seeing is personalisation to make schemes more relevant for members, the desire by customers to be able to access schemes across all channels and the need to keep programmes fresh and new,” he says.



## HARVEY NICHOLS – REWARDS

IT TOOK JUST NINE MONTHS FOR HARVEY NICHOLS' NEW LOYALTY SCHEME TO SMASH ITS FIRST YEAR FORECASTS

High-end department store giant Harvey Nichols launched its loyalty scheme less than a year ago, yet exceeded its first year business case metrics in less than nine months, according to Kerem Atasoy, head of digital marketing at Harvey Nichols.

The retailer chose to go completely digital with its Rewards scheme in May 2015 after months of research and testing. It also chose to focus on experiences rather than discounting, although customers can take a cash reward too. “We took a customer-led approach to developing a loyalty programme and undertook a lot of research ahead of launch,” says Atasoy. “Market research has shown that the luxury shopper is more interested in receiving exceptional experiences than discounting, so our aim with this programme was to offer a range of relevant and personal rewards to our loyal customers,” he says.

As well as the rewards, customers can also enjoy exclusive member treats – from discount days to double point days, secret sales, sales previews and event invitations.

The app allows a better ability to communicate and personalise messages to customers, according to Atasoy. “It’s about really understanding customer preferences and not only delivering to these preferences, but anticipating them. Through the app we’re able to get to know our customers much better so that we can communicate with them in a modern way that’s relevant and instant,” he says.

“The app-based loyalty scheme is a first for the luxury market. Customers are rewarded one point for every pound spent in the UK – instore or online – and in any UK Harvey Nichols bar or restaurant,” says Atasoy.

The scheme is organised into qualifying tiers, allocated on sign up according to spend – including Silver, Gold, Platinum and Black. The rewards are issued quarterly based on the previous quarter’s points total.

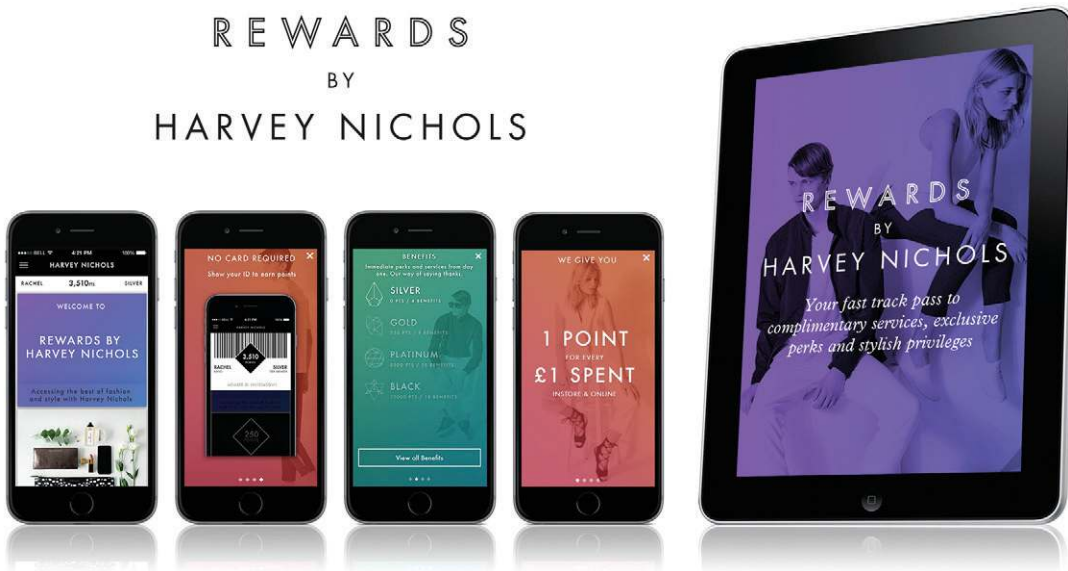
As well as the rewards, however, each tier unlocks additional privileges, ranging from gift wrapping and express alterations to at-home styling. Members simply present their member ID barcode at the till to access such benefits throughout the rewards quarter.

“Our new loyalty programme has allowed us to leapfrog the competition,” says Atasoy. “Customers can redeem points quarterly; we offer a whole range of fabulous experiences of greater value than the cash equivalent and it’s also an app, so it’s easy to use and you don’t need to carry around another card in your wallet,” he says.

And as well as beating first year forecasts within nine months, Atasoy says the scheme has been received well by customers too. “We have received an overwhelmingly positive response from our Rewards members since launching in May 2015, and the programme is continuing to positively impact on a range of our customer KPIs,” he says.

The success has also been driven by the staff within the Harvey Nichols business, according to Atasoy. “The style advisors across all Harvey Nichols sites have received a high level of training for the app and their intricate knowledge of the functionality, as well as the rewards and benefits, has enabled them to educate customers,” says Atasoy.

### REWARDS BY HARVEY NICHOLS





## BOOTS - ADVANTAGE CARD

ALTHOUGH POINTS-BASED, IT SEEMS BOOTS' CUSTOMERS STILL LOVE THE ABILITY TO TREAT THEMSELVES INSTORE

If Tesco is the daddy of loyalty scheme programmes, Boots' Advantage Card scheme is most definitely the mummy, delivering treats and rewards in a hugely successful scheme ever since its initial launch.

The scheme was one of the first big-brand loyalty schemes in the UK when it launched in 1997, growing quickly to become a key reason shoppers shop at the retail giant. "The core proposition since launch has always been for members to collect point to treat themselves and that's remained both a differentiator and a strength," says Dave Robinson, director of personalisation at Boots UK.

But the retailer has also used the scheme to understand more about its customers and target offers and promotions better to them and their spending habits. "Insight from our loyalty scheme has helped us to understand more about the way in which our customers' shopping behaviour has changed and given us the opportunity to better serve their needs as they move between different channels," says Robinson.

This has included giving customer recommendations on products and brands that matter to them. More recently,

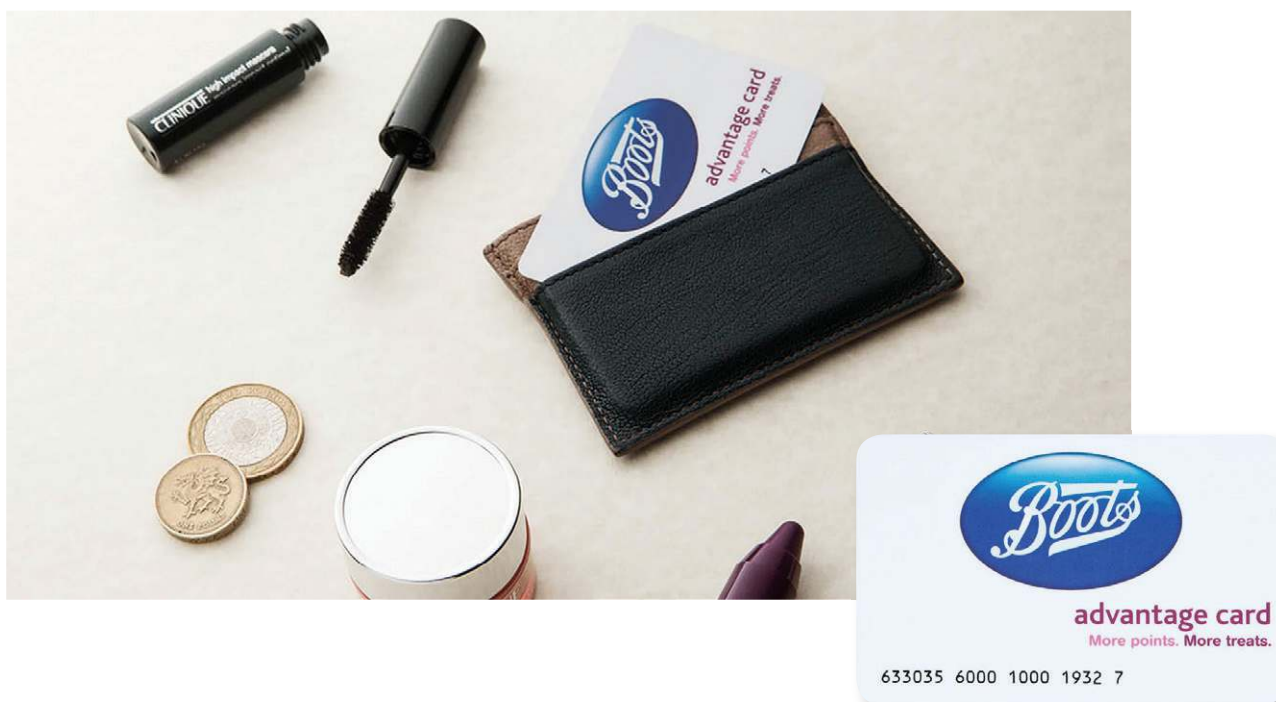
it has seen the retailer trial the ability for customers to choose five out of 40 top brands on which they can get a 10% discount, with the ability to change the brands chosen every three months.

"From the outset Boots Advantage Card has been integral in helping us to understand our customers and thus improve loyalty," says Robinson. "The insight provided from the scheme is critical in helping us make data-driven decisions about what's right for our customers and to become more personalised with everything we do," says Robinson.

The company launched a loyalty app in summer 2014 but has it done enough to keep up with a changing market? For a scheme whose success has been built so strongly on its treat element – allowing customers to save up their points and treat themselves – the company's move to experiences and events has been somewhat limited and the retailer is guarded as to how it is to embrace experience rewards in the future.

"We have seen some movement in the market where experience is being brought in as a reward. We've learnt that customers really look for rewards that they value and which are simple, clear and straightforward to access. It is key that experience-based rewards are provided in that context," says Robinson.

"One essential benefits of Boots Advantage Card points is that it's a currency that can be used across the store, giving our customers control over the rewards they earn," he says.



## JOHN LEWIS – MY JOHN LEWIS

THE SIMPLICITY OF ITS REWARDS, INCLUDING FREE HOT DRINK AND CAKE, HAS ENSURED CUSTOMERS HAVE FULLY EMBRACED MY JOHN LEWIS

John Lewis launched its members card in October 2013 and generated huge excitement – partly thanks to the simplicity of its offers. The retailer was one of the first to offer free hot drink and cake, an advantage that customers loved. This was supplemented by the promise of prize draws and exclusive shopping events.

Two years after its launch the retailer's membership had swelled to more than 1.6 million customers with the programme driving more than 1.5 million additional purchase visits to its shops and website, according to a statement put out by the retailer to celebrate its two-year anniversary last September.

The ability to personalise and give exclusive product previews and inspiration for shoppers based on their interests and shopping preferences was key.

Like many of its counterparts, John Lewis offers

additional benefits to its members with September seeing the latest launch – a Kitchen Drawer feature, which allows customers who are also members to electronically store all receipts and guarantees for up to six years.

Chris Bates, head of customer marketing at John Lewis, said at the new benefit launch: “When we launched My John Lewis two years ago, we consciously decided not to create a programme based on points and discounts. Instead, we wanted to create something unique, which thanks our customers through tailored rewards, exclusive experiences and enhanced services,” he said. Sales in beauty, gifting, home and women's accessories had been particularly driven by uptake of the card, he said.

2015 also saw customers able to access their My John Lewis card through the John Lewis app for the first time whilst benefits such as offering the ability to shop its summer clearance event one hour ahead of non-member customers saw 10,000 customers take advantage. September also saw around 1,500 my John Lewis customers attend a sneak peek shopping evening at the retailer's new Birmingham store two days ahead of its official opening.



## BEADS DIRECT – VIB CLUB

AT BEADS DIRECT ITS VIB (VERY IMPORTANT BEADER) CLUB OFFERS PERMANENT DISCOUNTS, FREE SHIPPING AND AN EXCLUSIVE MEMBER AREA ONSITE

At online jewellery component supplier Beads Direct, the company's customer base includes both hobbyists and self-employed crafters, and so the company needed to operate a scheme that encompassed the desires of both customer types.

In such a competitive market, driving loyalty is key, according to Jaide Spencer, who is the marketing manager for the Beads Direct brand and oversees all digital aspects of the business, including creating and developing strategy.

"Many marketers face the challenges of customer retention. For Beads Direct taking seat in such a competitive environment, with many overseas low-cost / high volume companies targeting our customers, it's no longer enough to offer them a better quality product. Adding value to the customer journey and offering an enjoyable experience every time they visit is essential," she says. "A loyalty scheme is one of the most tried and tested ways to keep customers coming back."

"Our loyalty scheme – the VIB (Very Important Beader) Club – is a new addition to our site and we've had the initial phase one launched for just over three months," she says.

The club allows customers to select a range of products that can qualify for a permanent discount as well as have access to free shipping at a 50% lower threshold than normal and further exclusive discounts.

"We've seen a very pleasing initial response to our club with 5,000 plus members already signed up," says Lillie. "This level of membership is free to customers and gives them access to their own member area in order to track their savings in real time," she says.

However, the company also plans to develop this further with a premium, chargeable version of the club which will offer more exclusive discounts.

"Keeping customers returning for future purchases and increasing loyalty is important to us as with many businesses," says Lillie. "The VIB Club has proven to be the answer we've been looking for. The ability to see savings they've made with each order is unique to our sector and incentivises further purchases with the spend more, save more ideology," she says.

And this is proven by results in sales too, she says. "Average number orders per VIB customer per month are up – ultimately stimulating a steady increase in revenue. As a purely online store, this is an encouraging sign as we continue to develop the scheme," she says.

And, although the retailer is purely online, Lillie says the company is looking at how to offer experiential-based loyalty rewards too. "Our scheme is still in its formative year, and as such we are still exploring a variety of ways we can take it to the next level. As well as providing a product, one of our main focuses is on helping to teach and develop our customers' jewellery-making skills. We already provide many successful tutorial videos and TV shows, and customers are consistently contacting our team via Facebook and email so we are currently putting plans in place to offer physical experiential rewards such as workshops, one-to-one lessons and bespoke tutorial videos as part of the 'Premium' version of our loyalty scheme" she says.

**Beads**  
●●● DIRECT





## WAITROSE – MYWAITROSE

MYWAITROSE HAS SURPRISED CUSTOMERS WITH MONEY-OFF DEALS, COMPETITIONS AND THE ABILITY TO GET A 20% DISCOUNT ON UP TO 10 BRANDS

Although John Lewis' membership card launched in October 2013, by that time its sister brand Waitrose had already been running its loyalty card scheme myWaitrose for two years with three million members on its books.

At the time, the card was being used for half of all sales and results proved that myWaitrose cardholders were spending twice as much money and visiting stores two and a half times that of the average customer.

By January of this year, membership had grown to more than 5 million members with 70% of Waitrose sales made using a myWaitrose card.

Like John Lewis a key element of the scheme was the offer of free tea and coffee for customers. However, unlike John Lewis, the hot drinks offer is available to customers every time they shop – either from the retailer's self-service machines instore or from the retailer's cafes, bakeries and

deli counters (though here the retailer asks that shoppers who are making use of eat-in seating also purchase something else to go with their drink).

Also like the John Lewis scheme, and unlike its supermarket peers, the retailer offers not points but free gifts, money-off deals and competitions as its reward with prizes such as free groceries and days out as well as free copies of Waitrose Kitchen magazine and free hot drinks.

At the time of the John Lewis scheme launch, Waitrose also began offering a 10% discount on more than 500 branded and own-label products. This extended into the launch of Pick Your Own Offers in June 2015, where customers can choose 10 brands to get a 20% discount.

Within three months of launch, 700,000 customers had signed up to the Pick Your Own Offers benefit and by January this year it had extended to more than a million.



## MARKS AND SPENCER – SPARKS

MARKS AND SPENCER'S SCHEME MAY BE LESS THAN A YEAR OLD, BUT IS PROVING POPULAR AMONGST ITS CUSTOMERS

Marks and Spencer launched its loyalty scheme Sparks in October. “We designed the proposition in very close call with 600 customers who helped us, and then launched a three-month trial with 100,000 customers,” says Nathan Ansell, director of Sparks and CIU at Marks and Spencer.

The scheme offers a tailor-made offer on sign-up and then tailored offers every fortnight. At 3,000 sparks, members can unlock priority access that will include such things as first previews of new season ranges, at 7,000 sparks they can unlock access to the M&S.com sale 24 hours in advance, and at 14,000 they are granted access to invite-only events and masterclasses.

Like both Superdrug and Paperchase, the sign-up has been rapid for the retailer. “We had a big launch period in October where we got very large numbers and by January we had 2.5 million members – now we have nearly 4 million,” says Ansell. A million of these have been through friends and family recommendations, he says.

“It has been amazing,” says Ansell. “We are already seeing good increases in loyalty and very high engagement rates on content with more than a 60% open rate on email – 10 times the industry average,” he says.

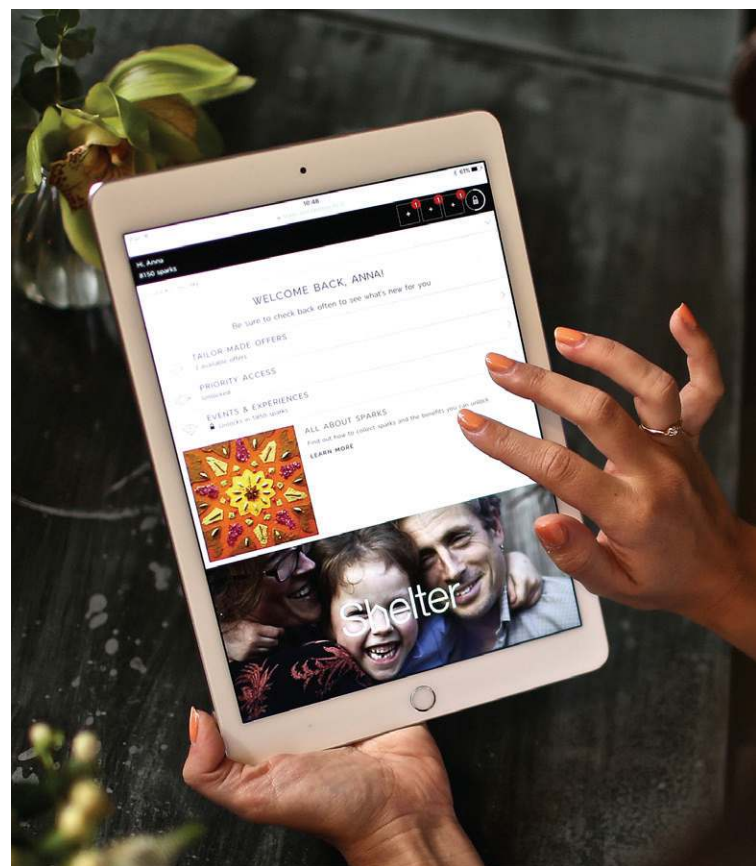
Ansell says customers have accumulated an average of 5,000 points since the scheme launched with customers with higher points totals already taking advantage of the event elements of the scheme. “At Christmas we had 25,000 members taking advantage of early access into the sale, and we have already had 180,000 customers previewing our spring/summer range,” he says.

Digital rewards are collated through the Sparks hub; which Ansell claims is getting around two million visits a week. “The customers that are using the app in particular are feeling the benefits as it is by far the easiest way to interact with the scheme,” he says.

Ansell says M&S’ customers have loved the greater personalisation the retailer can offer as a result. “In a world of mass marketing, customers really appreciated our intent to share content that was most relevant to their lives with tailor made offers and invites to events and experiences,” says Ansell.

Like Pets At Home, Marks and Spencer also offers a charity element through its loyalty scheme. “Every time you shop we donate to the charity you have chosen and have donated £500,000 already,” says Ansell. “Customers can go into their hub and see how much has been donated to charity and which charities as well as stories around what that money has funded. For Macmillan Cancer Relief for, example, we have already funded four clinical nurses for a year and customers really appreciate that,” says Ansell.

In February the retailer completed its first Sparks related event with a feel-good, live-well event in 25 of its stores – focussing on exercise, eating well and beauty. “We invited 70,000 members and had a really good response rate. It was an opportunity to give something back,” he says.



# Key learnings

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**Our survey, case studies and analysis has proven that loyalty is undergoing a huge shift so what are the key takeaways from this whitepaper?**

- Loyalty is alive and kicking
- The choice of card / app / digital has to be tailored according to the retailers' customer base and their behaviour – don't simply assume that digital is best.
- That said for flexibility and the option to tailor the scheme to the needs of your customers then digital can't be beaten.
- Traditional discount-based schemes aren't dead yet but they are showing their age.
- Events and experiences are key to unlocking the true value of loyalty schemes but can come at a price.
- Simple benefits – such as free tea or coffee – can be a huge tempter for customers.
- Consider the role of gamification beyond traditional discount.
- You can create and breed loyalty without a traditional programme – it's more about the mentality of the business than the scheme.
- Creating tiers within your loyalty scheme helps you reward your most valuable customers better and better target those who mean the most to your business.







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