

JOIN A LOYALTY SCHEME

Loyalty schemes are an important part of the modern independent retailer's marketing mix to win customers' hearts and minds. They are either hi-tech, incorporating EPoS and possibly even apps, or low-tech – essentially of the stamped card variety.

They fall into three camps: local/mixed – embracing a variety of shops from florists to hairdressers; umbrella or symbol-based; and single-store.

Adam Kay, a director of Loyalli, a two-year-old 'virtual' loyalty scheme in which registered businesses use a barcode reader to 'stamp' their clients' app and tailor-make rewards,

believes mixed-local is the most powerful.

This is because the choice of retailer and shopper offers are diverse, and businesses gain wide exposure.

About 20 of Loyalli's 600-odd retailers are independent convenience stores dispersed across the UK. "We have deliberately tried to secure a wide spread of stores, so ideally customers anywhere in the UK can find a [participating] store relatively near to them," says Kay.

The barrier to entry for hi-tech schemes can be the technology itself, and fear of it, but the rewards can be rapid.

Integrated feature

Costcutter Supermarkets Group, for example, reports that when Bhavesh Parekh opened his Kwiksave in Little Lever, Bolton, Lancashire, in May 2012, he used the group's Local Saver card – an integrated feature of Costcutter's CPoS system. More than 500 customers were reported to have signed up within a few weeks of opening.

Now other symbols are keen for their retailers to leverage loyalty marketing. Spar UK head of marketing Philippe Rondepierre reveals that Spar is trying to find a suitable process to link the back office and EPoS across its estate to facilitate a symbol-wide loyalty scheme.

Welsh Spar retailer Elfed Roberts' store in Nefyn, Gwynedd, has its own loyalty card that offers a free hot drink after purchasing five, and a sixth meal deal free after five meal deal purchases.

Store administrator Sarah Rees-Jones says the scheme is popular with the building trade and people on their way to work. "When it was first launched, sales nearly doubled," she says. Neill Sherrell, managing director of specialist convenience consultancy SRCG, reports that both Musgrave and Nisa are committed to developing loyalty programmes.

"Budgens is trialling a scheme in four stores where, as I understand it, a percentage of the spend when the card is presented is used to help local charities or community-based schemes," Sherrell says.

He says to refer to them as "card" schemes is limiting because some involve the development of "local" currency, such as the Bristol Pound. But most will be simple stamp



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Bhavesh Parekh opened his Kwiksave in 2012. He used the group's Local Saver card, and more than 500 customers had signed up within a few weeks of opening.



cards or points-building plastic.

Sherrell says those wanting to start their own local loyalty card scheme should first determine why they are doing it. For example, is it solely for them, is it for the community, or is it a local application of a national or symbol scheme?

He adds that retailers need to understand how to measure success and what needs to be in place to do this.

Finally, they need to know how to market the scheme and keep it fresh, looking at whether to link it to an app or to a website. "The key is that it has to pay back and not simply become a cost centre," Sherrell says.

Symbol group Simply Fresh has a loyalty scheme built into its till system, collecting bonus points on everything customers spend.

Tony Houlston, sales development director, says the stores decide how points are paid back, either in vouchers or money-off coupons.

He says Simply Fresh uses customer data to send extra offers via text, email and Twitter,

Facebook and BeepTreat.

MoLo rewards, which has independent loyalty schemes running in the Berkshire towns of Reading and Bracknell, was due to launch in nearby Slough by the end of this year before expanding further, linking near-field communications-enabled phones.

It works by shoppers downloading an app on which to store all their coupons and loyalty cards. Chris Davies, chief operating officer, explains: "You walk into a shop you want and buy the goods. To redeem the coupons, you touch the phone against the contactless reader and it puts the coupons on the retailer's till."

He says no convenience stores are involved to date, but MoLo is hoping to strike deals with wholesalers and symbols.

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www.loyalli.com

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